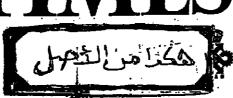
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Monday April 28 1980





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GENERAL

Tenerife jet crash

probe

reason for the 11-minute communications silence before the Dan Air Boeing 727 hit a Page mountain killing all 146 on

Dan Air in Tenerife contradicted a statement by Dan Air in Manchester that the jet had apparently been diverted to the island's new southern airport. In London, Shadow Cabinet Minister John Smith accused Spain of "jumping the gun' by blaming the crash on pilot

Airliner explodes Forty people were killed and

il injured when a Thai airliner

Kan Jak

exploded in heavy rain and lightning while approaching Bangkok's Don Muang Airport. Army quits Chad

President Giscard d'Estaing said France would withdraw its 1,100 froops from Chad because they had terminated their mission of protection.

Bank fraud

A hank and bond market fraud running to at least DM 60m to D170 (£14.5m to £16.7m) was ed by West German magnified by West German ested and a stockbroker is shought to have fled the emntry. Back Page

5 diplomats freed Guerrillas freed five diplomats held hostage in the Dominican Republic Embassy in Bogota, Colombia, and then flew to Cuba with a number of hostages, including the U.S. ambssador

and the Vatican's envoy. Reform plans

Proposals for unions to pay their Labour Party affiliation fees at constituency rather than

military coup in which President week and £80 minimum wage.

Saddam Hussein was killed as Page 3
"false and baseless."

nameation of

e of facteasing

geng mand

المات وي م

Briefly - - · years under Marxist rule, with an estimated 110,000 Soviet

troops in the country.

Conference which could lead to the return of more than 150,000 refugees to Kampuchea is to be held next month.

Tito's President remained extremely serious. 390

PUBLISHER'S NOTICE

apologises for errors contained in this issue which are due to difficulties in the reading department.

BUSINESS

Jaguar union in peace move

BL CARS last night concluded a peace formula with the union leaders at its Jaguar plant in Coventry which should avert the dismissal of 1,800 Investigators of the Tenerife employees who went on strike over a proposed new grading fine UK airliner's cockpit voice structure. A mass meeting of workers is being called for to-The recorder could show the morrow when they will be told the results of 16 hours of negotiations at the weekend. Back

> remained the strongest member of the European Monetary System throughout last week in spite of the volatile nature of Paris interest rates. On Tuesday, overnight money in the Paris money market rose to 12% per cent, the highest level this month, but by Friday had employ returned to 121 per cent, unchanged from the end of the previous week.

In Frankfurt. overnigh money was firm, reflecting tight domestic liquidity, while longer term rates declined as U.S. rates eased. The D-Mark strengthened against the dollar. but showed little change within the EMS, remaining around the middle of the system.

The Italian lira was the weakest EMS currency on most days, although there was little difference between the lira and Danish krone on Friday, with the krone at the bottom of the system on percentage change from central rate. The Belgian franc sohwed a marked

April 25, 1980 Precises April 25 ECU parity ECU Divergence

the cross retes from which the cross retes from which was more more than 2½ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

• UNION of Shop, Distributive

• OIL from the Wytch Farm field in Dorset should boost Britain's onshore production to about 20,000 barrels a day by the mid-1980s, says a stock-brokers' study. Page 3

 MINING groups Anglo
 American Corporation and De Beers Consolidated Mines, controlled by Harry Oppenheimer, will not increase their holding in Consolidated Gold Fields of London beyond 29.9 per cent,

the trigger point for a manda-

tory offer. Page 12 • HOME CHARM sales since January are 25 per cent up on the same period of last year, says its chairman, H. E. Fogel. who forecasts record sales and profits in 1980. Page 12

CONTENTS

Grail, by Samuel Brittan . 8 and Government 11 ing banks' profits; Concilia cars sell so well 12

Appointments ıllding Notes ... Lombard - .nan's Dry. Men. and Matters ... Money & Exchanges Company News ... rts Gda. Parly, Diary Racing Financial Diary

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No. 28,154

THE FRENCH FRANC

Brzezinski warning as EEC leaders debate Iran

U.S. may still use military action to free hostages

BY JUREK MARTIN AND DAVID BUCHAN IN WASHINGTON

out the further use of military of the hostages. action to secure the release of the U.S. hostages in Tehran.

eight American servicemen died, Dr. Hojeniew Brzezinski, President Carter's National Security Adviser warned Iran: "Do not scoff at American power. Do not scoff at American reach." Dr. Harold Brown, Defence

Secretary, in a separate television interview repeated the possibility of further military measures. But both men said that America's allies and Congress would be informed in advance if the U.S. decided to employ what Dr. Brzezinski called "a sustained military operation" such as mining Iranian ports or blockading Iranian commerce

Both added that the allies fully understood that the dictates of secrecy demanded no prior consultation before a rescue attempt, such as that launched last week. Mr. Brown and Dr. Brzezinski

emphasised the great importance the U.S. attaches to allied endorsement of economic and diplomatic sanctions against

SENIOR Carter Administration Iran in order to bring about a was "an Indication of the officials yesterday refused to rule peaceful resolution to the fate depths to which they have

to the transfer of the release of Not surprisingly, both re- Mr. Brown was equally distributed by the U.S. hostages in Tehran. Jected suggestions that the missive of the Iranian threat Making no apologies for last bodies of the eight U.S. service to block all Gulf shipping week's abortive raid in which men killed in the raid would eight American servicemen died, be returned only in the U.S. abandoned its economic sanctions. The fact that Iran was willing to trade

for bodies, Dr. Brzezinski said,

through the Straits of Hormuz. Such an effort, he said, was Continued on Back Page Editorial comment and feature, Page 10 Bani Sadr loses to militants

'WORLD SUMMIT' MOVES

The Iranian crisis was discussed last night, by EEC Heads of Government, writes Giles Merritt in Luxembourg. amid persistent reports that a special world summit on Iran was being planned. This would consist of the U.S., Canada, Japan and the "Big Four" of the EEC, the UK, West Germany, France

and Italy. Whether such a summit is called before the same leaders meet in Venice in June on the world economy will depend mainly on the outcome of the Luxembourg

fresh expression of support for the U.S. would be forthcoming, there were doubts on the extent of the support

which the U.S. could expect.
The unilateral U.S. incursion into Iran last week has provoked resentment in the It contrasted strongly with the emphasis that the U.S.

had placed on need for a common EEC-U.S. position on economic sanctions against The EEC leaders are expec-

ted to confirm the decision to apply sanctions against Iran if the hostages are not released by May 17.

before in different ways, it is

surcharge and on business rates.

Sea Oil Fund to channed fin-

ance to industry, matched by

equal contributions from finan-

cial institutions. It also makes

a general attack on the Govern-

The TUC calls for a North

CBI attacks Government policy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GROWING CONCERN about Howe, Chancellor of the Ex-revenues and industrial comeconomic policies and the pros- chequer. They will form the retiriveness, the CBI has said pects for industry has been basis for an important debate that a top priority must be a expressed separately by leaders at the next meeting of the NEDC lowering of interest rates. of the CBI and TUC in state in nine days time, but have not Although the CBI has said that ments sent to the Government yet been officially published. and the National Economic Development Council.

The CBI's view reflects increasing pressure from companies for interest rates to be reduced as quickly as possible, while the TUC gives a warning that it might take "many years" for current monetary policies to bring inflation below double figures.

The cost of achieving this reduction in inflation by the methods chosen will be a loss of output and a level of unemployment that would be politically, socially, economically and morally indefensible," says the TUC.

These statements are contained in answers to eight line the bleak prospects and questions on economic policy liquidity problems facing manu-sent to the CBI an wTUC at facturing industry. the request of Sir Geoffrey

The questions range over likely that its demands for Govissues such as monetatry policy, the use of North Sea oil be stepped up. It also want revenues, the impact of a high

exchange rate, and ways of encouraging moderinsation. An indication of the Government's answers may be given by Sir Geoffrey this afternoon when he appears before the

Commons select committee on the Treasury and the Civil Ser-Concern among industrialists about the impact of interest rates is likely to be emphasised tomorrow when the CBI publishes its quarterly industrial

trends survey which will under-On the use of North Sea oil

ment's reliance on setting mone-tary targets and enters the debate about how long present policies will take to bring down the rate of inflation to single Industry seeks new leader,

Page 3 Samuel Brittan on "concerted action" in shrdlar sh shr action" in West Germany. Lombard, Page 8

Charred bodies on display

THE CHARRED bodies of the American servicemen who died in the failed mission to rescue the hostages were put on display at a grotesque Press conference in the captured embassy grounds in Tehran yesterday.

The conference was called after the students had announced that some of the 50 hostages who have been held since last November were being transferred to other cities in Iran to thwart any new rescue attempt, and they had renewed their threat to put some on triel for spying.

It had previously been assumed that the bodies would be repatriated. President Bani-Sadr said this would be allowed. But after being flown to Tehran, they were taken to the U.S. embassy.

Within hours, Ayatollah Khalkhali, the head of the Islamic revolutionary courts, was showing remains of bodies before an astonished and horrified audience from the world's

The Ayatollah, who had been at the crash site near Tabas in the east of Iran, insisted on opening each of the bags in which the bodies were wrapped. At one point he held up a piece of skull and at another a

revolutionary guard dug out the identification tag from the charred body of one serviceman. years. The Ayatollah has not previously been closely associated with the students, but he has acquired a feared reputation for ordering more than 300

executions of supports of the Shah and rebellious Kurds from West Iran after summary trials. The reaction of Iran to the U.S. failure had been a mixture of jubilation and hatred. Many Iranians see the crisis as an attempt by the U.S. Government to interfere in Iranian internal affairs and not merely an effort to secure the release

of the hostages. President Bani-Saor has Mr. Peter Walker, Britain's Chancellor Helmut proved entirely ineffective in Agriculture Minister, has hither-usually seek to avoid. coping with the more militant to refused to agree price inactions of the students and his rivals on the ruling Revolutionary Council. He is now in munity's budget to which a very weak position to deal with any diplomatic action which might emerge from this week's EEC Summit or from

Washington. Some observers had considered that the militant students holding the embassy would have their influence weakened if they transferred some of the hostages to other places, but it is probably still too early to judge.



President Valery Giscard d'Estaing of France and Chancellor Helmut Schmidt of West Germany in discussion as the Luxembourg summit begins.

EEC heads seek compromise deal

BY MARGARET VAN HATTEM AND JOHN WYLES

EEC Government leaders were ingly pre-occupied with the last night locked in a difficult Iranian and Afghan crises. attempt to sew up a package But there was considerable deal embracing the British anxiety among European Combudget problem and a Commission officials that the evident munity farm price settlement. desire for agreement on a farm The link between these two price settlement and the British

highly divisive issues, forged problem may gravely com-largely at the insistence of promise the Community's finan-France, brought Community cial future Agriculture Ministers to Luxem- If the U bourg so that their discussion demand for a big reduction in its budget payment.

The plan to solve the row over Britain's budget contribution year. was based on consideration of The a French compromise proposal which would place a definite ceiling on the UK's net payment to Brussels for at least three

will be paying a minimum of £1.1bn net this year, probably more in future years.

British officials found the plan "interesting" but lacking in detail after it was first outlined on Friday to Mrs. Margaret Thatcher, Britain's Prime Minister, at a meeting with Sig. Francesro Cossiga, the Italian Prime Minister and summit chairman.

The French wish to see significant farm price increases which would require major concessions from the UK.

Britain is now the major net contributor.

The new French initiative would insulate the UK against the budgetary effects of farm price settlements.

It is rare for the EEC to try to settle two major issues in such a way and is indicative of the government leaders' desire to make progress on settling a "family squabble" at a time when they are increas-

But there was considerable

If the UK eventually softens its stand against price increases of farm prices could run for surplus products in return parallel to those of the nine for an acceptable cut in budget Government leaders on the UK's payments then the Community looks likely to hit its budget ceiling and thus run out of

money before the end of next The French proposal to limit Britain's net budget contribution to an annual 850m ecu (£500m) would leave West Germany to pay for most of ears. the 5 per cent farm price rise, On present trends, the UK on which the French are

insisting. This appears to have con-verted West Germany overnight into being the strongest advocate of price moderation West Germany had been sheltering behind Mr. Walker's apparent intransigent stand or price increases. But last night

than was being sought by France. An open difference of this kind is something which Presiessions from the UK dent Giscard d'Estaing and Mr. Peter Walker, Britain's Chancellor Helmut Schmidt

favour of a stricter price deal

Although apparently lacking in detail, the French proposal contributions for three years, on the basis of its 1979 payments to Brussels which were either

Continued on Back Page

£ in New York

Apr. 25

apot 82,2750-2780 | 52,2620-2630 1 month 9,29-0,18 dis 0,17-0,12 dis 5 months 2,00-1,85 dis 2,00-1,85 dis

Argentina props up top banks

BY ROBERT LINDLEY IN BUENOS AIRES

institutions. The banks—the Banco de Los country's banks. Andes, the Banco Oddone and They are ranked first, seventh Los Andes alone.

shaky financial sector, came one not known. month after the Central Bank Intercambio Regional (BIR), Trozzo, the president of the financial institutions.

have caused a run on the

It is thought that about the Banco Internactional—were \$700m of the total \$1.7bn laid put under the control of Govern- out in support of the banking ment trustees on Friday night system was spent on Banco de Alejandro Reynal, the bank's

The move, part of the GovSr. Hector Breco, and his rules."
ernment's drastic attempt to brother, were arrested in The give what it calls "a new Mendoza province. Details of sumed to have caused a con-

ARGENTINA'S Central Bank the country's second largest prinow defunct BIR, who is has taken over control of three vate bank. of the country's largest private BIR's liquidation, which fol-banks and has spent \$107bn lowed the collapse of Promosur, together with their scores of (£747m) in the past month Argentina's second largest branches throughout the danks and has spent about howet the conapse of Translations throughout the (£747m) in the past month Argentina's second largest branches throughout the shoring up about 100 financial finance company, appears to country, were expected to be institutions have caused a run on the open for business as usual today under Central Bank

trusteeship. Further Central Bank intervention is not ruled out. Sr. They are ranked first, seventh and ninth largest banks in On Saturday, three top executate that steps would be taken and ninth largest banks in On Saturday, three top executate to put a stop, once and for all.

Andes, including its president, to "practices that break the

The present crisis is predimension" to the country's the charges against them are siderable drain on the national treasury. The Central Bank The Government is also seek- guarantees at least 90 per cent had liquidated the Banco de ing the extradition of Sr. Jose of peso deposits in Argentina's

Tax policy hits middle manager

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

plight was frequently lamented £50,000. by Conservative leaders before the last election, have been left least well-off compared with Week in the courts: Contin- Iran hostages: The options other groups as a result of the Budget, according to the Government's calculations.

The figures, published in a Parliamentary written answer, Editorial comment: Clear- W. Germany: Why Japanese are likely to intensify controversy about the impact of the Government's tax policy.

children where the husband earns £10,000 a year—the typical · middle manager-will receive an increase of 0.1 per cent in real net income in the result of the Budget.

MIDDLE managers, whose and a 1.7 per cent increase at nounced in the Budget but The contrasts reflect the im-

> of fixed cash increases in allowances and thrsholds. The calculations take account of changes in income tax and the rise in child benefit of 75p

> justed for the rise in prices resulting from higher indirect taxes. The figures are strongly disputed by some economists who

coming into effect this month. should be taken into account. If that were done, the number shown receiving even a small rise in real net income would fall substantially.

sub-committee of the Treasury even less favourable picture. He has included what he

Institute for Fisca Studies and a special adviser to the revenue and Civil Service Committee of the Commons, has presented an

you're really buying is reliability. Day in, day out. spending cuts. If these are taken

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application calls for cushion or pneumatic tyres, three wheels We have the right truck, in the right configuration. And we can produce it at the right time. But that's only the beginning of the story. Because what

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at the end of it all. Right now, we'd like to talk over your requirements. So give us a call.



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national level are among the Amalgamated Union of Engineering Workers' ideas for the reform of the Party. Back Wage move likely The Zimbabwe Government is expected this week to announce a national minimum wage for all industries of Zim\$80 per month (£54.50). Cuban boat threat . TRANSPORT programme Heavy seas in the Florida being prepared by Kuwait Straits threatened the boats of includes a £176m order for the continuing stream of Cubans double-deck buses. BL vehicles fleeing to the U.S. Immigration are to be tested in competition officials estimated that 3,000 with those produced by MAN refugees had arrived in Florida. of West Germany. Iraq dismissed reports of a will target on demands for a 35-hour military reserving and allied Workers will today

Afghanistan completed two

condition

Financial Times

Management: Taking custo- tion in the Gulf 10

Lombard: German Holy UK economy: State industry

> TV and Radio UK News Unit Trusts ANNUAL STATEMENTS Mactarlana Group... Share Information . 18-19

A married couple with two

current financial year as a full inflation adjustment, which and rises in council house rents This compares with a 1 per tax burden. cent increase for a couple with

pact at differing income levels. Mr. John Kay, research director of the independent a week from November, ad-

argue that they show too favour- describes as "intermediate able to picture. This is mainly taxes" resulting from the because they do not present a Budget, namely price increases would show the rise in the real and rates resulting from public Moreover, even in cash terms into account only families with

earnings of £5,000 a year, a 1.8 it is argued that the increase in earnings well above £25,000 a per cent increase at £15,000, a the employee's national insur- year are likely to receive any 2.5 per cent increase at £25,000 ance contribution, not an nee gain from the Budget.

By Andrew Whitley in Kuwait

industrialised world's crude oil stocks could be drawn down by as much as 2.5m barrels a day for the rest of 1980 without either necessitating an increase in OPEC production levels or leaving those stocks "excessively low," according to Kuwait's Oil Minister, Sheikh Ali Khalifa al-Sabah.

The Minister defended Kuwait's decision not to change its production and export targets because of the Iranian crisis. Last week the United Arab Emirates said it was pre-pared to help oil consumers in Western Europe and Japan hit by a cut-off in Iranian supplies. But Sheikh Ali Kalifa said Kuwait's present production target of 1.5m b/d had been reached only after much soulsearching and the country was. determined to stick to it for the "medium-term."

Kuwait has publicly criticised the abortive U.S. attempt to rescue the American hostage held in Tehran as "a violation of international law." Mr. Badol Aziz Hussain, the Minister of State and Government spokesman, said the failed rescue attempt had "complicated the matter and exposed the region to conflicts which are in no

Privately, though, there is greater sympathy and under-standing for the American

Kuwait makes clear it is not prepared to challenge the foundation stone of the state by taking part in economic sanctions against Iran. In theory formal restrictions exist on the re-export of subsidised foodstuffs, but these controls are being blatantly ignored by Kuwaiti merchants.

Developments in the protracted Iran crisis are being followed avidly. Although there are fewer photographs of Ayatollah Khomeini on display in Kuwait's bazaar shops than there were six months ago, many thousands of this wealthy little State's citizens tune in each night to Tehran's Voice of the Islamic Revolution to follow the latest turn of events.

Indeed, a key question con-fronting Kuwait's rulers is how the country's minority Shi'ite Moslems and Iranian residents respond to this seductive voice



Wreckage of the C-130 plane and helicopters lies in the Iran desert

Bani-Sadr loses out to militants

BY SIMON HENDERSON IN TEHRAM

positive might emerge from President Carter's failed Iran rescue mission, faded yesterday when the militant students hold-ing the U.S. Embassy staged a macabre news conference to put the bodies of the eight dead U.S. servicemen on display.

Until that point hte spectacle of a defeated United States, had provided one of the most powerful hopes that a time for settle-ment, if not reconciliation, was

the course of the six-months-old coisis as a much more important reason for holding the constages than the more publications and the more publications are supported by the course of the six-months-old the bodies yesterday lay in the captured U.S. embassy compound and foreign journalists were called for a news conlicised insistence on the return ference there by the students of the Shah and his wealth, who are now quite skilled in

bodies should be repatriated. But once again, in the struggl appears to have been contra-

dicted within hours by the When an Iranian Air Force aircraft brought the bodies to Tehran they were received, not

by the Swiss Embassy as ex-pected, but by Ayatollah Khalkhali, the feared prosecutor The public humiliation of the of the Islamic Revolutionary U.S. as a world power powerless courts who has earned himself to intervene against the Islamic the title "Judge Blood."

ANY HOPE that something Optimism was briefly reinforced manipulating the world's media. make an early appointment with and the endorsement of Ayatolby President Bani-Sadr on Satur- From the side gate to the day when he told journalists compound, where the Press had that he had ordered that the assembled, it was possible to see through the blanketed bodies lying in a row, sur-rounded by guntoting, smiling students.

How the Revolutionary Council would cope with any wish of the students to hold the bodies as a further bargaining counter in the crisis with the U.S. remains ahypothetical question. But the Islamic Republican Party — the political organisation of the hard-line clergy who oppose Mr. Bani-Sadr will probably support them.

The coming weeks offer little indication of the next steps in the crisis. The European Com-munity ambassadors are returning to the country over the next two days and are expected to 75 per cent of the popular vote

President Bani Sadr to press home the need for a solution before sanctions come into effect on May 17. The Iranian President is

probably now waiting for the second round of Parliamentary elections on May 9 before trying to assert himself. Both America's failure to free the hostages is also closely tied to Mr. Baui-Sadr's

inability to seize control of the levers of power. Mr. Bani Sadar, despite being still respected as the President. has not been able for more than a month to show anything of the power that was be-queathed him when in Presi-

-What the Ayatoliah did not

do was to clarify the powers of the President in the interim stage before the Islamic constitution becomes fully opera- in both the Senate and House tive after the final round of Parliamentary elections. President Bani Sadr has been acting merely as the chairman of the ruling Revolutionary Council. ation itself, these investigations. There, the running is made by are also bound to raise implication. Islamic fundamentalists tions from the failure: Does it who also form the ruling cabal of the Islamic Republican Party.

It is a situation that Ayatollah Khomeini allows to persist of the power that was be and which, whatever the queathed him when in Presi Imam's motives, must ultidential elections earlier this mately favour the militants and year he won an overwhelming undermine American hopes of 75 per cent of the popular vote moderation in Iranian policies.

Criticism mounts in Washington over rescue plan

BY DAVID BUCHAN IN WASHINGTO

U.S. military in carrying it out, petence. gathered steam over the week-

As shock and surprise wore off, the number has grown of criticising plan that never got near Mr. Jody Powell, Press Secre-Tehran and the hostages, and tary said. had to be scrapped after only its first stage in the desert. Armed services committees

of Representatives are due to hold hearings into the fiasco the coming weeks. obviously focusing, on the operconfirm Congressional criticism from some quarters that the Pentagon is too busy buying new weapons to care about maintaining the ones it already

The operation was called off, on the recommendation of the mission commander, which was the confirmed by President instance within the meaning of Carter and Mr. Harold Brown, the Act, nor should an essentially humanizarian mission be flying and mechanical failures interpreted as inilitary action under the 1973 law. six helicopters to proceed to-wards Tehran. Astonishingly, as many as three out of the eight helicopters failed in one way or another early on

Some Congressmen have never felt happy with the results of the volunteer army since conscription was scrapped in the early 1970s, and are already arguing that the Iran fiasco shows service pay is not high enough to attract people skilled in operating and fixing multi-million dollar military "If the Israelis and the West

Germans can carry off something like, why can't we?" was another criticism put directly to Mr. Brown after the operation.

His explanation was that flying 500 miles straight in helicopters was extraordinarily difficult, and "no other country could have attempted anything like this. But that has not

THE POLITICAL inquest into assuaged hurf American pride President Carter's overall —evident over the weekend in responsibility for the doomed television and radio pro-Iranian rescue mission, and the grammes and in street converquestioned competence of the sations - in their military com-

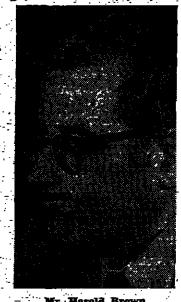
The White House sent Congress over the weekend a sixpage detailed report on the unsuccessful mission, as part of the President's desire to "inform aspects of the detailed rescue the Congress on such matters,

The report was "consistent /with the provisions of the War Powers Act," but that did not mean the President felt in any way compelled by the Act to consult with the Congress before While launching the mission, Mr. the oper- Powell added.

It certainly rankies with Congress that it was given no clue about the mission beforehand. Some on Capitol Hill, notably Senator Frank Church, shairman of the Senate Foreign Relations Committee, were quick on Friday to charge the President with breaking the law.

The Administration rebuttal

is that secrecy on the Iran mission did not make it a possible



Soviet Union takes advantage of Carter's humiliation

BY DAVID SATTER IN MOSCOW

Iran and reaction to its around the world, the Soviet leaders, Iran. who are presumably atheists, may be asking themselves what they ever did to deserve such

between the U.S. and the West- draw this conclusion from the ernallies and discredit President failed raid but they want to Jimmy Carter, in an effort to distract attention from Afghanineutralise the international outstan and strengthen their cry to their invasion of credentials with Iran. The failure of the mission to

AS THEY survey the failure objectives, but may also give cations, threats, political and to inevitable military action of the U.S. rescue mission in Moscow a potentially crucial economic blackmail." The U.S. against Iran. lever in its drive to influence

The Soviet response has been an outpouring of derisory press comment to the effect that the mission proved that The Soviet Union in recent America is aggresive and unmonths has sought to win the reliable. The Soviet authorifriendship of Iran, create a split ties almost certainly do not The Communist arty news-

paper Pravda at the weekend rescue the hostages has not only created new possibilities for the soviet Union to make progress in gaining each of its previous reacted U.S. policy toward reaction would eventually be Iran as one of "military provocancelled out by the reaction

mission to rescue the hostages was denounced as "an act of has happened Iran's Islamic gangsterism."

The newspaper said yesterday that the "provocative actions" of the U.S. against the "young asurances." of human rights." asurances."

Islamic republic" of Iran "by no means add to the perstige of the present American administration" and show the real "hypocritical "respect for

There has been a credible theory in Moscow that one of the reasons the Soviet Union In fact, this is nearly what is the weakness of any demo-

revolution turned to the Soviet bloc for support and the Soviet suppression of the Islamic revolt in Afghanistan has been made much more manageable politically because of Iran's confrontation with the U.S. Pravda said that the word unpredictable" had been

heard more and more frequently with reference to the Carter Administration and that the U.S. was using its Western European partners like "chess pieces."

The tone of the Soviet commentaries suggests that the Russians think Mr. Carter can be coerced over Iran.

ting out of hand. Western economic sanctions against Iran can only lead to increased on the Soviet bloc, which will not be possible without political The prospect, therefore, is for

The Soviet leaders know that

the weakness of President Carter

cratic leader who cannot lightly sacrifice the lives of fellow

citizens for reasons of state. But

Moscow has an interest in

preventing the crisis from get-

maximum propanda support for Iran from the Soviets, but an avoidance of overt provocations lest the building antagonism between the superpowers goes

U.S. Treasury to fight Chrysler court injunction

Guerrillas end siege at Bogota embassy

BY HUGH O'SHAUGHNESSY

Dominican embassy in Bogota which at one time involved the some ransom had been paid holding of 58 ambassadors, after private subscription. diplomats and other hostages by Colombian extremists, ended quietly yesterday.

The M-19 guerrillas who had seized the embassy on February 27 made a deal with the Colombian Government under which a Cuban aircraft took them and five envoys yesterday morning to Havana, the remaining hostages being released

Those forced to travel to one of the longest and certainly Havana with their captors in the most sensational diplomatic cluded Mr. Diego Asencio, the kidnapping in recent times. U.S. envoy, the Papal Nuncio. the Mexican and Brazilian envoys and the other, variously their action had achieved its reported as the Swiss or primary objective of focusing Venezuelan Ambassador.

to number 15, achieved much Colombia, less than their original In co-operating in the demands of freedom for 311 release, the Cuban Governleft-wing prisoners and a \$50m ment demonstrated that some ransom, but do seem to have people were as anxious to go obtained guarantees that those to Cuba as others have been held for political offences will to leave it.

THE 61-day siege at the have proper trials in Colombia There were reports, too, that after private subscription.
Throughout the episode the guerrillas had been releasing

The Cubana Airlines Ilyushin which arrived at El Dorado airport, Bogota, on Sunday morning left at 8.20 am for Havana The departure came after intensive negotiations between M-19 the Red Cross, and the Human Rights Commission of unharmed by the guerrillas in the Organisation of American the Colombian capital. States, and brought to an end

captives every few days.

The extremists were finally convinced by negotiators that public attention on the political The M-19 guerrillas, thought and human rights situation in

In co-operating in the

EEC 'could have role in recycling'

THE European Community may have a role to play in helping recycle the surplus funds of the oil-producing states, while boosting its fledgling reserve asset, the European Currency Unit

which stressed the serious-ness of the recycling problem new initiatives

was intended to contribute to greater world currency stability while enhancing the role of the IMF's own

may be ripe for more intensive discussion of what specific contribution Europe could make on both the recycling and the currency stability issues.

The Italian Treasury Minister, Sig. Filippo Pan-dolfi, who chaired the IMF meeting ,said afterwards that it was not intended to create rivalry between the European community with its ECU and the IMF with its SDR. On the contrary, he felt the two sides could play complementary

topic is delicate — not simply because of a possible overlap between IMF and European activities but also because of the implications for the

By Ionathan Carr in Bon.

(ECU) in the process.

This view has gained ground following the low key meeting in Hamburg last week of the International Monetary Fund's policymaking interim committee without announcing major

The same gathering also put on ice the plan for a substitution account-which reserve asset, the Special Drawing Right (SDR).

It is thus felt that the time

However, it is clear that the

BY IAN HARGREAVES IN NEW YORK CHRYSLER, only days from a treasury department will chial-disclosure. cash crisis, faces a new bout of lenge in court this morning, was Meanwhile,

uncertaint successful legal challenge, to the Government over its handling of the company's plans to qualify for federal loan guaran-

On Friday, a federal district Board from meeting today to make a final decision on the stricken motor company's plan unless the board agrees to meet The successful suit, which the the Sunshine Act on public governments.

gation Group, a watchdog body which is part of the organisation run by Mr. Ralph Nader, the country's leading champion consumer rights.

Indications from Treasury judge issued a temporary order officials over the weekend were barring the Government's that the Government would Chrysler Loan Guarantees fight the matter in the courts rather than accept that the meetings of the board, which has met about six times since it was set up by Congress at the turn of the year, are subject to

officials were scrambling over number of points not the the weekend to complet docu- lenders, the most substantive mentation for their presentation of which concerns the priority to the board. The treasury is understood to be backing a plan which would grant a heavily slimmed down Chrysler \$1.5bn in loan guarantees.

cal \$2bn in commitments to the motor company from its wor- loans worth \$550m. Some a move would grant Chrysler kers, lenders and regional \$500m of these concessions will access to the cash it urgently

banks would take in any futuer enforced bankruptcy of the com-

The banks have, however, cessions on the terms of their be made in the form of the needs.

At the end of last week there banks, purchasing preferred Government was still disagreement over a stock in Chrysler.

that, but as we're going to lose that money anyway, it does not make much difference in what form we lose it," said one banker. It is thought likely that because of the number of remaining disagreements over won their central demand that detail the board, even if The company and the they should not be forced to put allowed to proceed with its treasury between them have new money into the company, meeting today, will offer sought to tie down the recipro- Instead they have offered con- approval only in principle, subject to further conditions. Such

Tanzania redistributes Lonrho businesses

BY OUR DAR ES SALAAM CORRESPONDENT

finally re-distributed to nation- panies. alised and semi-nationalised companies, it was announced Lonrho's assets in Tanzania

were seized in June 1978
Mr. Chrisant Mzindakaya,
Deputy Industry Minister, announcing the move, said it was nouncing the move, said it was at providing "proper comes after a long-running row later a long-running row late ening the Government control

businesses, dealing with motor that should be paid.

vehcle, tractor and farm An International Monetary machinery assembly, and distri-

group's assets in Tanzania. of the motor sector."

Last October, the Tanzanian
Vehicle distribution and tex-Last October, the Tanzanian

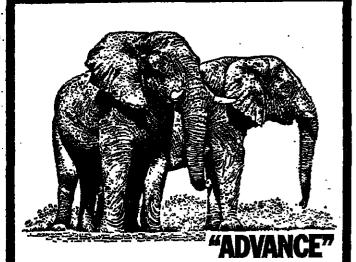
BUSINESSES BELONGING to tiles dominated the activities ing the takeover.

Nysrere rejected IMF conditions
Lonrho in Tanzania have been of Lonrho's 18 Tanzanian com— It also provided for the facility and made an Ministry of Finance to assess outspoken public attack on the The Minister said 11 of the the amount of compensation Fund

"WHO'S POSITIVELY

The IMF team returned to Washington. In January, Mr. Robert Macnamara, World Bank president, handed a letter from the Fund to Dr. Nyerere while on a visit here. The letter, officials said, attempted to President refuse the row

"WHO'S BIG, RELIABLE **AND NEVER FORGETS?**"





TOWELMASTER SOAP DISPENSING AIR FRESHENING DUSTMATS LINEN AIR CLEANING WORKWEAR

Advance Linen Services Limited 77-83 Upper Richmond Road London SW15 2TD 01-789 6571

Swedish transport strike goes on

THE BLOCKADE of Sweden dispute. imposed by State and local authority employees on Friday flict could erupt on Thursday continued through the weekend. when some 900,000 private The official mediators took no action, the Government declined

Fundamental differences exist

between the Francophone

countries-especially those of

the French Franc zone-and the

Anglophone countries about

Delegates have had trouble

deciding if the final document

for consideration by the heads

of state should be based on the

OAU's own recommendations or

tension

what needs to be done.

mission on Africa.

Political

An even bigger labour consector employees are due to go on strike or to be locked out.

About 14,000 key public employees, including air controllers, harbour pilots and customs officials, are striking in

support of a demand for a 12-13 to intervene, and only today will

Only ambulance aircraft have
a new attempt be made to been able to use Sweden's airresume talks over the pay ports since midnight on Thurspublic sector unions.

OAU delegates gloomy on future of Africa

developed because of the threat total. Also by then, about 39

by Liberia's new head of state, per cent of the continent's total

THE first Organisation of different attitudes within the following the overthrow of the economic problems opens in Lagos today, amid generally gloomy predictions.

"Africa is dying," Mr. Edem Kodjo, OAU Secretary-General, said at last week's Ministerial meeting in preparation for today's gathering of heads of His statement reflects the pessimistic view shared by

many delegates as the continent on a plan of action drawn up by the UN Economic Comfaces rapid population growth, high infant mortality, slow economic growth, rising unemployment, an increasing inability to feed itself, rising balance of payments deficit and heavy international Master-Sgt Samuel Doe, to take workforce will be indebtedness. Also, a row over over as chairman of the OAU, or underemployed.

African Unity summit specific- OAU has slowed progress in former chairman, President ally to deal with the continent's reaching agreement.

William Tolbert. The conference has made it

clear it does not want Sgt. Doe to atten. On Friday night, an aircraft carrying Mr. Gabriel Bacchus Matthews, Liberia's new Foreign Minister, was refused permission to land at

Lagos.

Despite hte evident disunity, delegates are agreed that something must be done soon to correct the parlous state of African economies.
It is estimated that Africa's population could reach 813m by the year 2000—double the 1975

workforce will be unemployed

Some 38 per cent of Africans will be living in citles, against 25 per cent now. The OAU is advocating a

regional development strategy based on four geographical centres in North, East, West and Central Africa, excluding South Africa completely. They are seeking agreement

for co-operation on improvements to roads, railways, waterways and telecommunications, as well as greater trade between African countries to wean the continent away from its dependence on outside markets.

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NUTS ABOUT SERVICE?" The natural choice

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Industrialists seek their new leader

THE MAIN job of leading the Confederation of British Industry following the sudden death last week of Sir John Methven will be performed in the coming months by Sir Ray Pennock -chairman of British Insulated Callender's Cables and a former deputy chairman

In this capacity he will also preside over the hunt for a new director-general to succeed Sir John whose funeral takes place today. This search could take

WIMPEY MARINE, part of the

Wimpey construction group, has

ordered two of the most power-

ful offshore supply vessels to

It has placed an order for

tugs with Appledore Ship-builders, part of British Ship-

builders. The tugs are due for

UK ANCHOR-HANDLING! SUPPLY VESSELS

delivery in 1981. Each will be

powered by four diesel engines,

producing 12,720 bhp. They

will have a maximum bollard-

The value of the total order

has not been disclosed. It is

believed to be worth between

£10m-£15m. The type of diesel

engines to be installed has not been revealed.

BY JAMES MCDONALD

market the consumer will have basis."

by an increasing

less to spend and will be

£200m imports accounted for

the Federation of British Hand

attracted

volume of imports.

pall or 155 tons.

anchor-handling supply

of which

Sea 7,000 bhp

be built in the world.

Supply tugs ordered

by Wimpey Marine

John Elliott, Industrial Editor, on the the changes at the CBI after the death of Sir John Methven

skills and energy of Sir John. The search will initially be clearly pay what it thought torates. Mr. Rigby, a former conducted among the top ranks necessary to secure the right senior executive with Lanorte of industry and associated institutions. But it seems unlikely Sir Ray becomes president of that any of the company chair-the CBI in succession to Sir men who help run the CBI's help Sir Ray fulfil the public omics, social and international flohn Greenborough in three main committees would be pre-engagements normally shared pared to leave their companies for full-time CBI work.

The director general's job will he advertised, and head-hunters of the CBI will be handled by have a significant effect on CBI will also probably be hired—the deputy directors general, policies, although no major Spencer Stuart helped find Sir Mr. Jimmy James, and Mr. changes are likely to be made

times more powerful than the

first generation of anchor-handling tugs, used in early stages of North Sea oil

Anchor-handling supply tugs tow semi-submersible drilling-

rigs between oil-fields. They

lay the rigs' anchor to keep the

Competition for business is

fierce and tugs have had to

become more and more power-

ful to cope with exploration in

increasingly deeper parts of the

operators quickly saw the trend

towards more powerful anchor-

According to a recent report

by Derrick Offshore, "A European Review of Offshore Service Craft, 1980-83," the

Norwegians built 7,000-8,000 bhp tugs in the mid-1970s and quickly began to dominate the

The Derrick report notes

that the Norwegians have 52

anchor-handling/supply vessels,

of which nearly three quarters

are more than 7,000 bhp. By contrast, the UK has a fleet of

40 anchor-handling/supply ves-

sels, and only a third of these are more than 7,000 bhp. Denmark's Maersk group runs

a fleet of 20 such vessels, OSA

of Germany 30, and Holland's

Smit Lloyd 28. Derrick Offshore estimates

that the world fleet of anchor-handling/supply vessels totals

189, of which 101 are based in

cent are between 3,000-6,000

the North Sea. About 58 pe

Manufacturers needed to gain

domestic market and to take

just have not the productivity to match our high wages and

The industry must find some

a higher share of the

handling/supply tugs.

supply-boat

rigs in a fixed position.

exploration.

Norwegian

market

Wimpey Marine's new vessels bhp, and the remainder are

will be between four and five more powerful.

further difficult year

Hand tool makers face

THE BRITISH hand-tool manu. Holdings, told the federation's

facturing industry, after a poor annual meeting on Friday: 1979, expects 1980 to be another "There are not many markets

difficult year. Exporting is ex- outside the EEC where we are

pected to suffer from the strong not facing a higher tariff rate

pound while in the domestic than we apply on a reciprocal

Last year, the industry's greater advantage of the EEC

favourable balance of trade markets, particularly in France shrank from £30.5m in 1978 to and Germany where there was

£8.3m. Of the home market, a huge market for quality tools. estimated to be worth just under Unfortunately he admitted, "we

Tool Manufacturers and execu- way this year of sustaining in-

director of James Neill creased productivity, he staid.

Mr. G. W. Ward, president of beat the price barrier.

Insurers face tax snag

a year, although the CBI would tion and company affairs direcnecessary to secure the right senior executive with Laporte candidate.

Until a successor is appointed, John's job, will be responsible the president and the

director general. The day-to-day administratio Pennock as president may also

Rail closure

By Lynton McLain THE RESULT of closing local rail services has been a major

switch to the use of cars

rather than to local buses, says a report* commissioned

The report discovered that:

Less than half of former

rail-users switch to buses

That figure drops to one

third after a short time; and Only one in three continue

using the main line network

after their branch is closed.

BR lost "substantial passen-

ger business," the report says.

A total 47 rural rail services

were closed in the past decade. Most were proposed in the Beeching Report, 1963, but,

since then, successive Govern-

ments approved withdrawal of

265 passenger services—a cut

Nearly three quarters of people directly affected by

closures have cut back or

stopped completely activities they engaged in before closures. Inconvenience, even

hardship, was caused to many

a direct result of closures. The Policy Studies Institute, which

wrote the report, based on

studies in ten areas where

lines closed, said it was obvious that "once a car has been acquired, use of public transport—local bus services

and the remaining rail lines-

people fro musing rail net-works beyond the end of closed lines. Travel on these

remaining lines is much

lower than before closures.

Anne Whalley, who wrote the

report for BR, said that only

travel beyond the end of their branch lines at least several

times a year do so now

and the suggested loss to BR

The report says alternative bus services provide for only

a minority of travel, to remaining local railheads.

Closures cut demand for

travel to these stations so

much that the few passen-

gers create insufficient demand to warrant buses

More important, the reopet

says that demand is so low

that bus operations have no

justification for varying established time-tables to

match rail time-table changes.

The report suggests that trains which mainly serve rural communities should be

considered as a mode of transport in their own right, with financial, managerial and

operational standards which

are not necessarily those of th primary rall network. Sir Peter Parker, chairman

of BR board, is trying to persuade the Government that railways should be con-

sidered in two parts—non-commercial, socially essential

railways, such as rural and commuter services, and

potentially commercial freight network and Inter-

The report warns that the Transport Bill, designed, among other things, to

City services.

rail closures

detouring to the stations.

had been substantial.

Dr. Mayer Hillman and Ms.

slumped.

Closures

Car-ownership increased as

people, the report says.

of nearly a third.

As a result of the closures

after lines are closed;

effects

by British Rail.

reported

policies. He believes, for example, that industrial performance can be more improved by increased communication with employees and participation, than by introducing new labour laws,

A first priority will be to decide, in the next two months, and a likely candidate for Sir the future of the CBI's proposed controversial strike insurance fund.

Medium-sized and smaller companies have shown interest in taking out insurance but large compaines are less keen. Sir John Methven had argued that large companies should join the several months.

It will be difficult for the CS7 The broad salary range is Mr. James will be responsible Sir Ray has somewhat liberal solidarity and change the to find someone to match the thought to be £35,000 to £45,000 for the organisation, informatives, especially on employment balance of power in industry.

Fast-breeders 'curb atomic proliferation'

FINANCIAL TIMES REPORTER

The death of Sir John and

the emergence of Sir Ray

THE BUILDING of fast-breeder reactors should make it harder for smaller countries and for terrorist groups to acquire nuclear weapons, says to Dr. Walter Marshall, deputy chair-man of the UK Atomic Energy Authority.

Dr. Marshall, writing in the authority's journal, Atom, says fast-breeder reactors would make plutonium used in bombs

more expensive. He states that all reactors breed plutonium from uranium but points out that fast-breeders make it more slowly—despite their name—and use it to pro-duce energy. Although fast-breeder reactors need large charges of plutonium to start up, the extra plutonium they produce can be kept within the power station and used for the preparation of new fuel.

Plutonium produced by exist ing nuclear reactors, on the other hand, has to be carefully safeguarded in spent fuel rods or else extracted and stored-s costly process. If it is re-used in the reactor it makes only a small addition to fuel stocks. But Dr. Marshall says a fast-

breeder will eventually produce enough extra plutonium to star up another fast reactor. This would take more than 30 years but in the meantinme there would be a continuing demand for plutonium to refuel the original reactor and to start up any new ones.

Countries building reactors would, therefore, provide a market for the excess plutonium produced by those which had only

Onshore oil production 'to reach 20,000 b/d'

BY MARTIN DICKSON, ENERGY CORRESPONDENT THE Wytch Farm oil field in with Britain's North Sea output

Dorset should boost Britain's of 1.6m b/d, a prediction of onshors oil production to about 20,000 b/d i sin line with the 1980s, says a new study by stockbrokers Wood MacKenzie. It adds that the rising price of oil, coupled with geological

reappraisals, are generating renewed enthusiam among oil companies for onshore explora-

Provided sufficient acreage can be obtained, the next few years could open up a new chapter in onshore develop-

20,000 barrels a day by the mid-current production rates at some of the smallest UK offshore fields.

Wood MacKenzie estimates that onshore production in 1980 will average 5,000 b/d, of which 3,400 b/d will come from Wytch Farm, the British Gas-BP field which came into production last It estimates that with recov

erable reserves of 86m barrels, Wytch Farm will produce more nent. than twice as much as all other Although small by comparison onshore fields discovered so far.

Governments warned over public investment neglect

BY OUR ECONOMICS CORRESPONDENT

GOVERNMENTS of both parties sector's financial resources are are strongly criticised this at all times earmarked in the morning for neglecting much-first place for current spending

report by Mr. W. A. P. Manser, economic adviser to Baring Brothers, merchant bankers. It is the first in a series of research studies commissioned from independent economists by the Federation of Civil Engineering Contractors.

Mr. Manser highlights the contrast between a decline of nearly a fifth in public-sector capital investment between 1972 and 1978 and a simultaneous rise of more than 26 per cent in private sector investment.

He notes that the public

needed, public-sector capital rather than capital investment investment.

That charge is made in a marked in this way when the economic situation requires a reduction in public-sector expenditure."

The report concludes that public-sector projects appear to be carried out on the basis of ad hoc political choices, all overshadowed by a misallocation of finances.

"There appears to be little conception within Government of its responsibility for the infrastructure of the country as a whole and for the need for a deliberate and co-ordinated approach to the discharge of this responsibility."

Diluted beer check is under way

LOCAL AUTHORITIES are to step up checks on alleged watering of beer by licencees. Several countles are conducting full-scale investigations into beer adulteration.

Brewers and local councils are worried by fear that introduction of keg beer has not reduced adulteration as much as expected. Incidence of adulterated samples found by trading standards officers in tests has shown a steady increase in the past two years.

Areas particularly badly

affected appear to be the West Midlands, West and South Yorkshire, Manchester, parts of Liverpool and East London.
All types of beer have been watered, though evidence from West Yorkshire suggests that stronger beers have been tampered with more often

there.
Mr. Peter Green, chairman
of the Institute of Trading Standards Administration, has forecast progressive stepping up of investigations into beer supplies. He believes that stricter regulations are inevitable, although he fears council spending cuts may have an effect on this type of

South Yorkshire is in the second of three years' investi-gation into beer supplies in oublic houses. Last year, of 873 samples 72 were found adulterated in some way.

Adulteration of beer is covered by the Trade Descriptions Act and the 1955 Food and Drugs Act. Trading stan-dards officers say that mal-practices tend to run in five-year cycles, and that beer-watering has re-started. Reinfroduction of cask beer made it easier to interfere

• MILITANT LINE: A call for a more militant attitude by textile employers' organisations in approaches to the Government to rescue the industry was made at the annual conference of the Federation of Textile Managers' Associations at Blackpool at the weekend by Mr. Harry Stephenson, the presi-

"The polite way has not worked," he told the 250 delegates. "We need a much more militant attitude. If the miners can black imports of coal, why can we not black imports of textiles?" It was impossible for the industry to compete with cheap

 PRESS THREAT: Elec tronic news presentation, and not the new breed of giveaway newspapers, is the real enemy of the newspaper industry, Mr. Leon Rels said at the weekend. The provincial Press could suffer in the same way that the motorcycle industry lost out to the Japanese while it fought among itself, Mr. Reis, editor of the free Surrey-Hants Star, told the Guild of British Newspaper Editors' conference in Cambridge.

• PRISON WARNING: Prisons could soon be in an "appalling" state of overcrowding, with four men in a 13 ft by 8 ft Victorian cell for 23 hours a day, prison governors said. There are 44.800 inmates in jails designed to hold 37,000.

• PAY PROTEST: Demands of the public sector for more money to pay higher wages to an increasing number of employees are holding back capital expenditure and harming the nation, says a report today by the Federa-tinon of Civil Engineering Contractors.

Union warns of Tory 'pillaging'

STRONG attack on a range defend themselves." of government policies was • The "economic sanction" of yesterday made at the Union of Shop, Distributive and Allied designed to force obedience to Workers' annual conference government policies. "We are We have only just begun to

pay the price," he warned. However, his speech was careful to keep the way clear for the generally moderate policies union delegation to the TUC

Mr. Tierney attacked: tion of those least able to gation.

which opened in Bournemouth. being driven to the edge of a Mr. Sydney Tierney, president precipice by a government of Britain's sixth largest union, which first seeks to weaken us told delegates the government It gives us the push, then tells was attacking working people us it's our fault if we go over." and pillaging trade union rights. Public expenditure cuts because they were "the way the less well off pay for tax discounts to the better off." In elections to the 26-stron

unemployment . which was

on wages, hours, Labour Party and to the 18-strong delegation democracy and new technology to the Labour Party conference, which the executive hopes to left-wingers claimed they had see adopted in the course of the increased their representation, though the delegations are still dominated by moderates,

The Employment Bill as Mrs. Audrey Wise, the former "unnecessary and unfair." It left-wing MP who lost her seat was "based on an industrial at the last election, topped the fantasy and it gives political list of members elected to the licence to the further subject Labour Party conference dele-

BBC cuts campaign

BY PAULINE CLARK, LABOUR STAFF

TWO LEADING media unions launched a stepped-up camits restrictive policy of cash paign this weekend against cuts limits on the BBC—a Governin BBC staff and services, saying that industrial relations had reached their lowest point in the corporation.

The Association of Broadcasting Staff, representing more than half the 23,000 BBC staff, said that the latest £130m cuts decision would not be the last, in view of the rate of inflation. As the National Union of Journalists and the association published a joint campaign paper pointing to "spectacular" BBC productivity in the past ten years, Mr. Eric Stoves, ABS chairman, said a fight has to in spite of itself."

He told delegates at the ABS annual conference at Hastings cuts the unions say the £34 TV that while the 1970s had seen licence fee is the lowest in increasing problems at the BBC, with diminishing finance in real terms, the 1980s crisis set different parameters. "On the one hand is the

present Government imposing its restrictive policy of cash ment which ruthlessly intends a massive shift of resources from the public to the private sector of the broadcasting industry.

"On the other hand there is an effete BBC management that has publicly acquiesced to this policy, and seems to be intent on frittering away the heritage bequeathed to it by its predeces It was doubly unfortunate, he

said, that at a time when the BBC and the ABS should be working together to solve finanproblems, industrial be sustained "to save the BBC relations had never been worse. In their joint pamphlet call ing for support in fighting the licence fee is the lowest in Europe for networks not sub-

sidised by advertising, so that between 1969 and 1979 BBC income had declined while output increased.

Scargill call for action

ARTHUR SCARGILL,

Yorkshire miners' leader, has Prestwick, Scotland, during a called for a " massive response " economic policy on May 14.

The aim, he said was to force Mr. Les Wood, general secrethe return of a Lobour Government. Workers who did not take part would be seen, by implication, as supporting the present Prime Minister.

week-end visit to the mining from miners and all workers in area of South Ayrshire, where Britain to the TUC's "Day of he was campaigning on behalf Action" against Government of Labour candidates in the May 1 local elections,

Mr. Scargill made his call at

tion, Allied Trades and Technicians, said the union would give its full support to the TUC "Day of Action."

Records for American art

THE STRONG recent demand Bernet in New York on Friday. There were many artist re-

SALEROOM

BY ANTHONY THORNCROFT

\$300,000 paid by a New York a woman painter.
The \$165,000 which secured for any Western painting.

Other records for American paintings was \$250,000 for another Western maintained at Sotheby Parke scene. "The war party" by Charles Russell, and the An auction devoted to them \$205,000 for "October suntotalled \$6,963,750 (£3,054,276). down, Newport" by Frederick Hassam: this was also a new bigh for an American Impressignist painting.

The \$175,000 .for "Autumn Leaves." painted in 1927 by Georgia O'Keeffee, was not only an artist's record but is also believed to be the highest cords, including the top price of price ver paid for a picture by

late afternoon" by Albert Winslow Homer's "Orange Bierstadt. It was also a record trees and gate" is a record for

an American watercolour.

Engineering authority backed

encourage car-sharing, might reduce still further the viability of buses; and criticises local authorities for 30,000 chartered engineers, supports the creation of a statutory engineering authority failing to monitor effects of *" The Social Consequences of but only if the new body is kept Rail Closures." Policy Studies Institute, 1-2, Castle Lane, small and financially indepen-In a submission on the

industry.

recommendations were implemented, many problems would remain whose resolution would still depend on Government action in other directions.

the federation says, should have its governing body limited to 15 members, with about half of being federation them nominees.

that that should not be a precondition of employment in manufacturing industry.

1.4 per cent increase in April. The April index stood at 125.94 compared with 124.18 in March. The rise in the cost of the FT shopping basket was mainly due to increases in the cost of fresh fruit and vegetables, meat, and canned goods.

The cost of the fresh fruit and vegetable section of the basket had been expected to fall, due to the recent spell of fine weather which should have made supplies plentiful. However, as the British Farm

home-grown fruits and vegetables are not yet generally to be found. The cost of fresh veget-

early — and expensive — new The fresh meat sector of the basket has also risen, due to a sharp rise in the price of beef. There were rises of between 6p

and 30p per pound of topside beef reported But the rise in canned goods reflects the after-effects of the steel strike on tinned food

for the second month running is likely to return to its pre- from the present negotiations throughout the UK. vious stability. species. Canned goods are basket has also risen slightly, Government agrees to the supplies. Canned goods are basket has also risen slightly, Government agrees to the consent. All inquiries should normally the most price stable mainly due to rises in the price new increases, the effects will consent. All inquiries should be made to Lucinda Wetherall the basket since they of New Zealand and Danish begin to be felt in the shops be made to Lucinda Wetherall at the Winapoisi Times.

Dairy produce a Sugar, tea, coffee, soft drinks Bread, flour and cereals Preserves and dry groceries Saucese and pickles 48.23 185.57 182.30 Canned goods Frozen foods 221.95 220.37 Meat, bacon, etc. (fresh) 511.94 257.95 Fruit and vegetables 223.64 224.98 2,677.66 2,639.57 Index for Aprils 12594

1980: January 120.47; February 122.32; March 124.18; April: 125.94.

ables in the FT shopping basket usually heavily discounted by Although the bread section supermarket chains. However, the shortage of month, this will almost cer- ing as an absolute indicator of canned foods arising from the tainly rise next month when the particular price levels. 13-week-old steel strike has 24p price rise for a standard obviously led to higher retail loaf of bread implemented by each month by 25 shoppers who

basket has also risen slightly. Government agrees to these

the big bakers is reflected in

in Brussels for a new round of later this year.

are running at a rate slightly lower than the general increase in retail price inflation. However, as Mr. James Cleminson, president of the Food Manu-facturers' Federation warned earlier this month, food prices are soon likely to rise by at least the same rate as retail prices generally.

At present, food price rises

This continued pressure on food prices is forcing the major supermarket chains to diversify into non-food product areas which earn higher profit margins and where demand is not so price-sensitive.

This diversification strategy will be the main theme of

today's annual conference in Brighton of the Institute of Grocery Distribution. The FT Grocery Prices Index gives an indication of the trend

was slightly lower in price this in food prices, rather than act-It is based on data collected monitor the same list of 100

nction

businesse

nit-linked business.

THE LIFE OFFICES Associat units. So it is now highle for the tion faces a crucial decision full 30 per cent capital gains today on whether to protest the mland Revenue about the

wire tax bill facing some hold a reserve for such tax tember-companies on their liability, and make the appro-

£3,000 of gains free of the tax. based on 20 per cent. Now they

The life companies concerned

The Finance Bill proposes against the amount paid on the cash-in of their policy.

The Finance Bill proposes against the amount paid on the cash-in of their policy.

Under the previous system unit trusts paid tax at 10 per cent and unit-holders were liable for full capital gains tax liable for the remaining 20 per cent. Their holders will have the first to meet a potential liablity hased on 20 per cent. Now they

priate charge to unit-holders

Where regular investment is must increase the reserve to made in unit trusts by means of allow for a 30 per cent tax. On a life policy, the life company future cash ins the unit-holder is technically the holder of the will face a higher deduction.

THE OUTLOOK for company of industrial and commercial "Consumer Spending Foreliquidity and for industry's companies (even after excluding casts," estimates the volume of financial position could be much North Sea activies) will decline consumption rose by 1.3 per

the brokers suggest that this switch from a £2.8bn rise in It forecasts a decline of 24 year should be much less diffi- stock volumes to destocking of per cent in the current quarter. cult for company finances com- £1.5bn. a significant boost to sentiment

Consumer spending will fall of this year. sharply for the rest of this year Phillips and Drew estimates compared with the buoyant that the rise in the net bank level of the first quarter, accordiorrowing will be £3.3bn this ing to a firm of business

cent between the October-December period of last year

lower than in the first quarter Spending is projected to decline by 0.6 per cent in 1980 compared with last year. Staniland Hall, in contrast to

By James McDonald

Finniston Report on engineering to the Department of Industry, the Federation today welcomes the report's analysis of the UK's economic decline, but says that this cannot be blamed entirely on the performance of the engineering

Even if all the report's The proposed new authority,

Although supporting the registration of professional engineers, the federation insists

It criticises the package of proposals aimed at restructuring Staniland Hall Associates, in able incomes to decline and the education and training of professional engineers.

FT GROCERY PRICES INDEX

Fresh food dearer than expected BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

s technically the holder of the	will face a higher dedu	ction. London SV	/1E 6DR. £4.50.
Cash sh	ortage	'will	ease'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT less serious than is widely ex- from £4.16n last year to £36n pected at present according to in 1980. stockbrokers Phillips and Drew. In their latest market review, accounted for by an expected 1980.

pared with 1979 because of the · large scope for destocking. gest the increase in bank lend- markets.

The change is more than and the first three months of

The firm says this could " give to be reached until the first Consequently the brokers sug- in the gittedged and equity is projected to be 3; per cent

It is suggested that the deficit the latest issue of its quarterly personal savings to rise

The low point is not expected

quarter of 1981 when spending

the Treasury, expect real dispos-

THE Engineering Employers' THE FINANCIAL TIMES Grocery Prices Index maintained its steady rise this year with a

Produce Council points out,

potatoes being included.

are the groceries which are butter.

1979: January 108.54; February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.36; December 118.74.

normal within the next few

With supplies getting back to the basket. A longer-term threat to in-

items in the same shops. The weeks, the price of canned food creased food prices will come stores to small village grocers The dairy section of the farm price rises. If the UK is copyright and may not be

shops chosen range from super-The FT Grocery Prices Index

at the Financial Times.

Drew estimates compared with £4.4hn last standard.

It is suggested that the deficit

Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of the Company issued and now to be issued to be admitted to the Official List.

On 31st March, 1980 the Company entered into an Agreement ("the Acquisition Agreement") to acquire the whole of the issued share capital of The Regent Autocar Company, Limited ("Regent"). The Acquisition Agreement is now conditional only upon the granting by the Council of The Stock Exchange for the Regent Autocar Company, Limited ("Regent"). The Acquisition Agreement is now conditional only upon the granting by the Council of The Stock Exchange for the Regent Autocar Company, Limited ("Regent"). The Acquisition Agreement is now conditional only upon the granting by the Council of The Stock Exchange for the Regent Autocar Company, Limited ("Regent"). The Acquisition Agreement is now conditional only upon the granting by the Council of The Stock Exchange for the Regent Autocar Company, Limited ("Regent"). The Acquisition Agreement is now conditional only upon the granting by the Council of The Stock Exchange for the Regent Autocar Company, Limited ("Regent"). The Acquisition Agreement is now conditional only upon the granting by the Council of The Stock Exchange for the Company and the Council of The Stock Exchange for Regent and its subsidiaries. The Company and its present subsidiaries and Regent and its subsidiaries are sometimes herein referred to as "the Enlarged Group". On completion of the acquisition of Regent, the present Directors, except Mr. J. V. Woollam, will resible to present the Directors are references to the Board as so reconstituted.

This document includes a second company and its present properties to the Board as so reconstituted.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Enlarged Group. The Directors have taken all reasonable care to ensure that the far there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

LONDON AND LIVERPOOL TRUST LIMITED

SHARE CAPITAL

Authorised £800,000

in ordinary shares of 10p each

Issued and now to be issued fully paid £601,667.50

BORROWINGS

On 7th April, 1980, Regent and its subsidiaries ("the Regent Group") had outstanding secured bank borrowings of £691,438 secured loans of £214,663, unsecured loans of £43,650 and hire purchase commitments of £134,032. Save as mentioned hereig and apart from current, deposit and other accounts payable in the ordinary course of the business of Stewart Salmon and Company Limited and apart from intra-group borrowings and intra-group guarantees, neither the Company nor any of its subsidiaries had at that date any loan capital (including term loans) outstanding, or created but unasued, or any other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptance bills) or acceptance credits, mortgages, charges, hire purchase commitments, or guaras

This document is issued in connection with a Placing by

Keyser Ullmann Limited

1,000,000 ordinary shares of 10p each of the Company at 29p per share

The ordinary shares now being placed will not rank for the second interim dividend for the year ended 31st March, 1980 referred to below but will in all other respects rank pari passu with the existing ordinary share capital of the Company.

A proportion of the shares the subject of the placing has been allocated to the market. From this allocation, shares will be made available to brokers making application on behalf of their clients on the date of publication of this document.

Directors

RONALD AUSTIN SHUCK Chadwick Grange, Chadwick Lane, Knowle, Solihull, West Midlands B93 0IS (Chairman and Chief Executive) **JEFFERY HAL BONAS**

The Old Rectory, Stanton, Near Broadway, Gloucestershire WR12 7NE **ALAN TODD**

34, Lakeside, Wickham Road, Beckenham, Kent BR3 2LX JOHN VICTOR WOOLLAM

3, South Hill Grove, Oxton, Birkenhead, Merseyside Secretary and Registered Office

> JOHN TODD 6, Caer Street, Swansea, SA1 3PS

Financial Advisers

KEYSER ULLMANN LIMITED 25, Milk Street, London EC2V 8JE

Stockbrokers ROYJAMES & CO.

Stock Exchange Buildings 33, Great Charles Street, Queensway, Birmingham B3 3JS

To the Company:—BARCLAYS BANK LIMITED 251, Regent Street, London W1R 8AB To Regent: BARCLAYS BANK LIMITED 10, High Street, Solihull, West Midlands B91 3TE

Solicitors

To the Company :- SLAUGHTER AND MAY 35, Basinghall Street, London EC2V 5DB To the Company: - MARTIN BOSTON & CO. 70, Gloucester Place, London W1H 4AJ To Regent: EVERSHED & TOMKINSON 10, Newhall Street, Birmingham B3 3LX

Auditors to the Company and Reporting Accountants SPICER AND PEGLER (Chartered Accountants)

St. Mary Axe House, 56/60, St. Mary Axe, London EC3A 8BJ Registrars and Transfer Office

KEYSER ULLMANN REGISTRARS LIMITED 3, Bevis Marks, London EC3A 7HY

HISTORY AND BUSINESS

Corporation Taxes Act 1970 (as amended) for all periods up to 31st March, 1979, but it is unlikely that it will be exted in respect of the periods since that date. In March, 1975, a subsidiary of the Company, now called Stewart son and Company Limited ("Stewart Salmon"), ecquired the banking undertaking previously carried on by the company under that name. In July, 1977 Schlesinger Investment Management Services Limited, a subsidiary

On 3rd March, 1980 the listing of he ordinary share capital of the Company was temporarily suspended by the Council of The Stock Exchange at the request of the Board of Directors. Details of the proposed sequisition of the share capital of Regent were sent to shareholders of the Company on 31st March, 1980 and on 22nd April, 1980 a resolution approving the acquisition was passed by the Company in general meeting. Details of the Acquisition Agreement are set out in paragraph 3 of "Statutory and General Information" below.

Regent was incorporated in England on 14th July, 1923 as a private-company to take over an existing business of motor engineers and agents carried on at its premises at Leicester Road, Market Harborough, Leicestershire. Regent established a garage business at Coventry Road, Market Harborough in the 1930s and commenced an engineering business there in 1940, it acquired a further garage at Kibworth, Leicestershire in 1946, in August 1978 Regent purchased the business and assets of the company then named Hiatt & Company Limited and in March, 1979 it acquired 51.6 per cent. of the share capital of Toney Cox Limited ("Cox").

The business of the Regent Group may be split into two divisions as follows:---

This division comprises the business acquired from Hist & Company Limited, now certied on by Regent under the name "Hist and Co", and the Coventry Road engineering business. Hist and Co, which operates from pramises in Binningham, Tamworth and Shefield, manufactures and distributes a range of police and security equipment; other products include lead-headed wall nails, agricultural and veterinary equipment and karabiners. The Coventry Road business carries out specialised precision machine engineering.

This division comprises (a) main dealerships for BL cars including Austin, Mords, Triumph and Rover, a retail dealership for Land Rovers and a distributorship for Aston Martin, ell of which are conducted from the Laicester Road pramises in Market Harborough; (b) a dealership for BMW cars which are sold from the Kibworth pramises and (c) a retail dealership operated by Cox for Lada cars from premises in Birningham. Agreement in principle has been reached to convert the Lada retail dealership into a main dealership. A new subsidiary is in the course of formation under the name Toney Cox Car Sales Limited in which Regent will have a 52 per cent, interest and which will in future conduct from premises in Sparkhill, Simpingham the new and second-hand our sales business at present conducted by Cox.

Servicing facilities are provided at all locations and petrol is sold by Regent from two sites in Market Harborough and one in Kibworth, Regent has recently established a Unipart franchise at Market Harborough.

On completion of the acquisition of Regent the Board of the Company will be Mr. R. A. Shuck, the Chairman of Regent, Mr. J. H. Bonas, the Managing Director of Regent, Mr. A. Todd and Mr. J. V. Woollam.

Mr. Struck, aged 42, who will be Chairman and Chief Executive of the Company, is a director of a number of private companies whose activities include the menufacture and marketing of proprietary engineering products, and was Chairman and Chief Executive of three publicly ligand companies namely Comwell Property (Holdings) Limited, Majdenhead Investments Holdings Limited and MPI Limited (now called Forward Technology Industries Limited). He became Chairman of Regent in March, 1978.

Mr. Bonas, aged 36, has been Managing Director of Regent since March, 1978. He has a background of expenience in industrial companies and will become a full time executive director of the Company.

Mr. A. Todd, aged 50, has wide experience of industrial and financial management with specific overseas involvement; he will become an executive director of the Company.

Mr. Woollan, aged 52, who has been Chairman of the Company since March, 1976, will continue as a non-executive director of the Company.

MANAGEMENT AND STAFF

In addition to Mr. Bonas the executive directors of Regent are as follows: Mr. C. Resvas, aged 45, the Financial Director, who joined Regent in 1962; Mr. B. C. Cripps, aged 44, who joined Regent in 1967 and has been Sales Director (Motor Division) since 1968; Mr. C. T. Cox, aged 44, who was appointed to the Board of Regent in October, 1979, and has been a director of Cox since its incorporation in 1972; Mr. H. H. La Trobe, aged 67, who was for many years Managing Director of the company which owned the business of Hight and Co until he sold his controlling interest in 1973. Following the acquisition by Regent of the Hight and Co business in 1978 Mr. La Trobe was appointed to the Board of Regent to manage the Hight and Co business.

Neither Mr. Shuck nor Mr. Bonas has any written contract of service with Regent. Mr. Reeves, Mr. Cripps and Mr. La Trobe have contracts of service with Regent, in the case of Mr. Resves and Mr. Cripps for a fixed term of five years from 15th March, 1978, and in the case of Mr. La Trobe for a term of five years from 1st January, 1979, and thereafter subject to three months, notice on either side. Mr. Cox has a service agreement with Cox for a fixed term

The Directors of Regent are supported by a staff of 193 of whom 97 are employed in the Engineering division and 96 in the Motor division. The Company and its subsidizines, other than the Regent Greek, have no employees.

It has been the practice of the Company to publish consolidated financial information including for this purpose its wholly-owned subsidiary. London and Liverpool Finance Limited: Financial Information relating to Stewart Salmon, also a wholly-owned subsidiary of the Company, has been excluded from such consolidation under the provisions of Section 151 (2) of the Companies Act 1948. There is set out below under the heading "Financial Information relating to the Company" information based on the consolidated profit and loss accounts of the Company and its consolidated subsidiary for the five years ended 31st March; 1979 and the consolidated balance sheet at that date. Separate financial information based on the profit and loss accounts of Stewart Salmon for the period from 11th December, 1974 (the date of its incorporation) to 31st March, 1979 and its belience sheet at 31st March, 1979 are shown separately under that heading. There is set out below under the heading "Accountants Report on the Regent Group" a report by Spicer and Pegler, Chertered Accountants, the auditors of the Company, on the profits and on the source and application of funds of the Regent Group for the five years ended 30th September, 1979 and the consolidated balance sheet of the Resent Group at that date. ated balance sheet of the Regent Group at that date.

The consolidated profits before tax of the Company and its consolidated subsidiary for the year to 31st March.

The consolidated profits before tax of the Regent Group for the year to 30th September, 1979 amounted to £185,000 as compared with £70,000 in the previous year. The substantial increase in profits arose mainly as a result of a full year's contribution from Hiatt and Co, which achieved profits before tax of £119,000. In the previous year Hiatt and Co was only included for the seven weeks from the date of its acquisition, and contributed profits before

At 31st Merch, 1980 the consolidated net tangible assets of the Company (taking quoted investments at middle market value but without attributing any value to the investment in the share capital of Stawart Salmon), based on unsudited management figures, were £848,400. This figure is after deducting the second intenin dividend referred to below, but it does not take into account corporation tax which would be psyable on capital gains realised if the investment portfolio were sold (estimated at £10,600). At 30th September, 1979, as shown in the Accountants Report, the consolidated net tangible essets of the

There is set out below a pro forms statement of the net tangible assets of the Enlarged Group which shows on the basis stated therein net tangible assets of £1,028,000. This figure reflects the net tangible assets of the Company et 31st March. 1979, which encounted to £617,000 (taking quoted investments at cost). If for this figure there were substituted the figure of £648,400 mentioned above, the consolidated net tangible assets of the Enlarged Group would be £1,057,400 or 17.6p per share in the enlarged share capital.

.2p gross. The second interim dividend is to be paid on 28th April, 1980 to shareholders on 21st April, 1980. The 2,786,675 ordinary shares of 10p each of the Company to the egent credited as fully paid will not rank for this dividend. It is not intended to recomm

The decisions of the Directors in relation to dividends for the year ending 31st March, 1981 must awai The decisions of the birectors in reason to dividents for the year ending 31st March, 1981 in total were a sachieved by the Company in the year ended 31st March, 1979 and those achieved by the Regent Grosended 30th September, 1979, the Directors would expect to recommend his dividends totalling not keep share in respect of the year ending 31st March, 1981 which, with the tax credit at the present reted that an interim dividend in respect of the year will be paid in or about

THE FUTURE

The Directors are confident that the diversified interests of the Regent Group together with the financial resources of the Company will provide a sound base for further expansion both by internal growth and acquisition. The Directors intend to realise the current investment portfolio of the Company in due course.

Year ended 31st March 1976 1977

1978

FINANCIAL INFORMATION RELATING TO THE COMPANY

The following information regarding the Company and its consolidated subsidiary and concerning Stewart on is based on audited accounts for the years or periods stated.

1975

1. Consolidated Profit and Loss Accounts

Investments	3	9	19	37	40
Short term deposits	19	. 6	6	5	8
Discount on treasury bills Share dealing	26	13 3	9	~	4
, Shing reality	(1)				
_	47	31	34	42	52
Expenses	. 7	9	11	10	• 11
Profit before taxetion	40	22	23	32	41
Taxation	20	9	8	13	14
Profit after taxation	20	13	15	19	27
Extraordinary items	=	=		===	3
Profit after taxation and extraordinary items	20	13	15	19	24
Dividends	1 5	ë	11	iš	20
Retained profits	<u></u>			4	4
realist preside	<u> </u>			*	
9.7				_	
-					
Consolidated Balance Sheet at 31st M	arch, 1979				
Ouroted investments at cost (middle market value	eren noes			£000's	£000€
investment in Stewart Salmon not consolidated	-tou3,280)				425 8
Current Assets	•				Ū
Short term deposits Cash at bank		•		105	
Debtors				12 33	
Amounts due from Stewart Salmon not consol	idated			46	
Texation recoverable				14	
				210	
Current Liabilities					
Proposed dividend				16	
Creditors				3	
Current taxation				7	
				26	
Net Current Assets		•			184
					617
				•	
Financed by:					
Issued share capital Share premium account					325 310
Revenue reserves			_		23
Capital deficit (note)				•	(41)
• • • • • • • • • • • • • • • • • • • •					
					617

3. Profit and Loss Accounts of Stewart Salmon	Puriod from 11th December, 1974		r ended 31st J	
	to 31st March, 1976 £000's	1977 £000's	1978 £000's	1979 £000's
income :	. 45557	2000	2000	2000 3
Interest receivable	26	21	6	18
Commission and fees received	77	à	7	_
Dividends received (gross) Profit on share dealing (loss)	. (2)	(3)	-	
Rest receivable	· (2)	(3) .	<u>.</u>	11
	·			
	36	28	8	29
Less interest payable	19	14		14
•	17	14		15
Management expenses	31	31	26	2 2
Payment to terminate service agreement	· ·	15	_	• =
	•	œas		
Loss for the period Taxation recoverable	(14)	(32)	(22)	ଫୁ
I dynatoli (provenano				
Deficit for	(7)	(30)	(16)	(4)
هكنامز التيهل				

4. Balance Sheet at 31st March, 1979 of Stewart Sala

Financed by:

Not current ass

ACCOUNTANTS REPORT ON THE REGENT GROUP

The following is a copy of a report on the Regent Group received from the Company's auditors. Spicer and Peging

London and Liverpool Trust Limited, 6 Caer Street, Swenses SA1 3PS.

56/60 St. Mary Axa, London EC3A 8BJ.

We have examined the audited accounts of The Regent Autocar Company, Limited ("Regent") for the five years ended 30th September, 1979 and of its subsidiary, Toney Cox Limited (together the "Regent Group") from the The business and assets of the company then called Hiett & Company Limited were acquired by Regent on the business now operates under the name of Hiett and Co. as a division of Regent. A liling interest in Toney Cox Limited was acquired on 21st March, 1879 but with effect from 1st October, 1978. The auditors of the Regent Group throughout the period under review have been as follows:-

Regentand Regent Group 1st October, 1874—30th September, 1977 1st October, 1977—30th September, 1978 1st October, 1978—30th September, 1979

Coopers & Lybrand, Northampton, D. R. Young & Co., Redditch. D.R. Young & Co., Redditch and

Chian-(A) Greak

(ii) latasta

(r) Sincial

(vi) Long ten Ru stocking by equal brace ra of Regen

(M) Same (M) di

Toney Cox Limited 1st October, 1978—30th September, 1979

The summarised profit and loss accounts, balance sheets and statements of source and application of funds set out below are based on the audited accounts after making such adjustments as we consider appropriate. They have been prepared under the historical cost convention modified by the inclusion of freehold properties at valuation.

The figures in respect of earlier years have been restated, where necessary, in accordance with the principal nums policies currently employed by the Regent Group.

Short lessehold property

Depreciation is not provided on freshold buildings: the effect of this non-compliance with the Statemen of Standard Accounting Practice Number 12 is considered by the directors of Regent not to be materia in the context of the profits or hat assets of the Regent Group for the period under review.

In respect of other fixed assets, depreciation is provided as follows: idea as rowws:

10% on each of the stance

122% on reducing belance

to write down to estimated ultimate disposal value by
reference to armusi movement on disposal value.

(b) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net reelisable value. Cost comprises materials, direct labour and attributable production overheads.

Cars for resale are stated at the lower of cost and net reglisable value.

Provision is made for the liability to corporation tax which may arise in the forestable future.

Deferred taxation is provided in respect of the excess of the net book value of those assets for which capital ellowances are claimed over the corresponding written down value for taxation purposes. No provision is made in respect of potential tax liabilities which might arise in the event of realisation of provision is made in respect or positive set appreciation relief is made only against the relief for the year ended 30th September, 1979 as, in the opinion of the directors of Regard, the value of stocks in the foresceable future is unlikely to fell below the level at 30th September, 1978.

A summary of the adjusted profit and loss accounts of the Regent Group for the five years ended 30th

cohrantical 1919 te set of	EDBIOW,	- · .	Year a	and the second		wing and
Tumover Cost of sales	Note (I) (III)	1975 £000's 1,348 1,324	1976 £000's 1,532 1,520	nded 30th Sep 1977 £000's 1,782 1,773	teather, 1978 £000's , 2,319 , 2,251	1979 £000's 4,750 4,568
Trading Profit Other income	* * ***** · *	24	12	9 2	68	184
Profit before taxation Texation	(fv)	27 18	15 (13)	11 (10)	70 11	186 100
Profit after taxation and I extraordinary item Extraordinary Item	ofora (v)		28	21	59	85
Profit siter toxation and extraordinary item Dividends Minority interests	(w)	9 3	22 2 2	21 2	190	#5 30
		6	25	19	50	

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272

(87) 14

485

(228) (252)

£ onnusen: 7,9904,2 per cent. comulative professoreaderes of £1 each 16,000 5 per cent. non-cumulative professoreaderes of £1 each 7.990 16,000 ysteres of £1.each 16,000 39,990 Especiand fully paid: guen and may paid: 7,820,4.2 per cent, cumulative preferences imme of £1 each 16,000 5 per cent, non-cumulative preferences haves of £1 each 7,820 16,000 16,000 ordinary shares of £1 each 16,000 39,820 On 10th January, 1979, Regent increased its sutherised ordinary share capital from 25,000 ordinary shares of £1 each to 32,000 ordinary shares of £1 each to 32,000 ordinary shares into 16,000 issued and fully paid ordinary shares into 16,000 5 per cent. non-climalative preference shares of £1 each and issued the 16,000 ordinary shares credited as taky paid by way of capitalisation of retained profits.

£000's £000 s 223 281 223 235 514 518

Capital commitments

The Regent Group had, so at 30th September, 1979, contracted for future capital expenditure emounting to £129,000 which was not provided in the accounts. Of this amount £120,000 related to the purchase of the treathold of the premises occupied by Histi and Co. at Great Barr, Birminghem, which purchase was completed on 3th October, 1979. The property was valued by Widdowson & Co., Chestered Sensyon, at £130,600 on 12th February, 1980 on an open member bases.

entofsuaceanderollestinuel frais

A summary of the adjusted seases and emplication of limits of the Regart Group for the tive years emisd appearance, 1979 is set out become. Year ended 30th Set £000s **EUDO's** Source of fends Profit before taxe 11 70 27 15 285

and minority inte Items not involving ing the movement of lundar 10 14 11 (Profit) on sale of fixed assets (1) âį 210 Punds generated from oberations Funds from other sour Proceeds from sale of fixed assets Loan in connection with the purchase of Hist and Co. (note (i))
Other loans
Miconity interest in Today Cox Limited at 175 25 clate of acquisition (note (ii))
Deferred taxation in Toney Cox Limited at 5 (1) date of acquisition 217 Application of funds (I) (77) Loan repayments Taxation paid Dividends paid (123) (12) Purchase of fixed assets Payment to executives and general reorganisation expenses (7) 189 (8) Increase/(decrease) in wolking capital 5 Applied as follows: 37 219 231 35 (ģ) ks and work in progress (28) **63**

(8) 199 (i) The netasses of Hist and Co. acquired by Regent during the year ended 30th September, 1978 were: £000/s Fixed assets 38 137

175

(5)

(71) 26

25

(ii) The not essets of Toney Cox Limited attributable to the controlling interest exquined for each by Regent og tile year ended 30th Ser mber. 1979 wete: Fixed assets

20 (10) Ner current liabilities 10 Less: Minority interest (5)

(Increase)/decrease to:

No endited accounts of the Regapt Group have been made up for any pariod subsequent to 30th Suptemb

Yours faithfully. SPICER AND PEGLER Charleted Accountants

PRO FORMA STATEMENT OF NET TANGIBLE ASSETS OF THE ENLARGED GROUP

The following is based on the audited consolidated balance sheet of the Company at 31st Merch, 1979 and the studied consolidated balance sheet of the Regent Group at 30th September, 1975, adjusted only to reflect the acquisition by Regent in October 1979, of the freehold premises at Great Barr, Birmingham. The purchase price of the property, £120,000, was financed by a loan, carrying an interestrate of 3½ per cent. above Barriays Bank Limited base rate and is repayable in equal quarterly instalments over a live year period.

£000's Fixed Assets 628 425 Quoted Investments of cost (middle market value - 1503-280) Investment in Stewart Sa Current Assets Stocks and work to progress Debtors Short term deposits 625 478 105 46 14 48 Amount due from Stement Salmon 1,317 Corrent Liabilities Creditors Short term loans Bank overdeaft Taxation Not Current Assets 1,408 Long Term Loans rred Taxatiot st of Minority Shareholdars in Cox 260 1,148 Less; estimated expenses of the acquisition of Regard and re-fisting (exclusive of V.A.T.) 120 £1,028 Net Tangibie Assets

As at 31st March, 1980, the cost of quoted investments then held by the Company was £452,534 and the on of the portfolio, based on middle markstquotellons, was £476,943.

PREMISES

Units 11 and 12

Stratford Road, Sparkhill, Binningham

pary of the premises owned or occupied by the Res Details . Address Katore

Valuation 5 Streethold_50.000 cm. 8. Valued by James Andrew & Partners at £195,000 as et 30th September 1979 i) Showrooms (BL), Leasehold—20,500 sq.ft. Leased from National Benzal Company Limited for a term of 21 yes estrout 1 8th ber 1961 (with an option 21 years) on a petr company lease (tied sales). Rent is £4,616 p.a. from

nkshopsi) Freebold—16,500 sq.ft 115 and 117, & Partners at £85,000 as at 30th September 1979 -15,000 sq.fi Leased from Mobil Oil Cont. Limited for a term of 3 v Rent is currently £4,500 p.a.ns to £4,600 p.s. from 20th December Valued by James Andrew & Partners at £85,000 as at 30th September 1979 Presimid -- 14,500 st. ft. oms (BMW), kshop, storesa Valued by Windowson & Co. at £130,000 on 12th February 1980 on an open markethasis Frankold-34,800 sp.ft. 111to 115 (odd), Great Barr,

Lassehold-4,000 sq.ft.

Leased from 25th March 1978 to 14th September 1980 at a rental of £2,805 p.a. Estate, Watting Street, Tamwoith identhe Landland and Terrent Acts .17.pe000e,1—ixloris 1st Floot, December 1977 at a rental of £475 p. a. The used by Hiattand Co. Huusa Baldin of £475 p.e. The term ba

Engineering workshops

111, Sheepcote Lane, Private estidence Freehold—Occupied by a Tamworth Leasehold-9,100 sq.ft. 413. Warwick Road. Workshops-offices and Leased for a term of 20 years in 1st December 1975, Rentalis wable every 5th veerand in

Lescolmbi_57Men.e. *Drayton Road,* Shirley, Birminghan leased for a term of 10 year 1st March 1972 at a rantal of

Showrooms (Lana)

orany licence. Currentrental is many and its subsidiaries (other than the Hapent Group) do act of the crossopy any pane

Lensehold--17.500 sruft

1978 and Cox curr

Leased from Mobil Oil Company Limited, The lease expired in July

STATUTORY AND GENERALINFORMATION

2. Directors Interests (a) The interests of the Directors in the Company's share capital following the acquisition of Regard (all of which

Number of ordinary shares of 10 peach 107 107 R.A.Sheck J.H.Bones A.Todd

(b) It is not intended at present that any of the Directors will have a contract of service with the Company or any of its authorized. It is expected that amounts payable by the Company and its subsidiaries in respect of the services of the Directors for the year ending 31st March, 1981, all of which will under present an appearance he payable to other corporate bodies, will not exceed £50,000.

(c) Save as disclosed herein no Director has or had any interest in any assets which have been within the last two years acquired or disposed of by or leased to the Company or any of its subsidiarias or are proposed to be acquired, disposed of by or leased to the Company or any of its subsidiarias, There are no contracts of arrangements in which a Director is materially interested and which are significant in relation to the business of the Companyandits subsidiaries taken as a whole.

(d) Mr. Shock and Mr. Bonas act as consultants to Castlebridge Limited, an Isle of Stan investment company (one of the vendors of Regent) in connection with the management of its U.K. Investments. Following the placing of 1,000,000 new shares of the Company, Castlebridge Limited will be interested in 1,571,602 ordinary shares of the Company-which will represent 26.12 per cent. of the increased issued share capital.

(e) Mr. A. Todd, who is employed by a subsidiary of W & A Investment Corporation Limited, was until recently a Director of W & A Investment Corporation Limited, whose wholly-owned subsidiaries at present own or hold \$70,000 ordinary shares of 10p each in the Company, which writ represent 16.12 per cent. of the increased issued share capital.

(f) Mr. T. Soon Shiong, who will cease to be a director of the Company when the Acquisition Agraement fractomes unconditional, is a director of London Consolidated investments Limited, of S.E.I. Limited (the parent company) of Schlesinger Investment Management Services Limited, which is the investment advisor to the Company) and of Postman Estates of Hanover Square Limited which manages Stewart Salmon. The Investment advisory untargeteent is terminable on one month's written notice given by either party, the adviser being entitled to a fee of a percent, per amoun calculated on the capital value of the portfolio excluding any holdings in Schlesinger managed funds. The agreement for the management of Stewart Salmon is terminable by either side by she months values of the portfolio excluding any holdings in Schlesinger managed funds. The agreement for the management of Stewart Salmon is terminable by either side by she months values of the profession of the Company when the Acquisition Agreement becomes unconditional, is a partner in Mattin Boston & Co., Solicitors to the Company, who will receive a feet from the Company in connection with the transactions relieved to kerein.

Other Substantial Interests

As at 21st April, 1980, the Company had been notified by London Consolidated (assestments Limited that life stella 406,450 authory shares of the Company.

The Acquisition Agreement is dated 31st March, 1930 and is made between Castlebridge Limited, Mr. Shuzk, Mr. Bonas, Mr. C. Resves, Mr. B. C. Cripps, Mr. A. R. H. Fitt, Mr. W. L. Tillett, and Mr. G. E. Resves (1) and the Company (2) and provides for the acquisition of the whole of the issued share capital of Report for a consideration consisting of the allocated credited as fully poid to the vendors of 2,766,675 ordinary shares of 10p each. The Acquisition Agreement contains indemnities in aspect of income tax, estated by and capital transfer tax.

Keyer Ulimann Limited, by a contract dated 22nd April, 1980 (see paragraph 8 (b) (to) below), has agreed to purchase from Castlebridge Limited 1,000,000 ordinary shares of the Company at a price of 28% per share. The purchase is conditional upon the Council of The Stock Exchange granting a listing for the whole of the share capital of the Company issued and now to be issued and now no beginn of the acquisition of the stare capital of Regent not later than 2nd May, 1980. The contract provides, inter also, that the Company will pay the costs and expanses of and incidental to the application for a listing of the stare capital of the Company will pay the costs and expanses of and accountancy and legal fees, the cost of printing and advertising, and capital dary on the increase in share capital of the Company and fees to Keyser Ulimann Limited and to Roy James & Co., the brokers to the Company.

austruseus. The Company will, upon Completion of the acquisition of the chare capital of Regent (which will have been sed and reorganised prior to such completion), have the following subsidiaries all incorporated in England and

Date of Late or
Locorporation
1st November, 1973
11th December, 1974
14th July, 1923
15th December, 1974
165,000 ordinary shares of £1 each
16,000 ordinary shares of £1 each
16,000 ordinary shares of £1 each
16,000 Sper cent complaints preference of £1 each
16,000 Sper cent complaints preference of £1 each Name of Company of £1 each 16,000 delened shares of £1 each 5,000 ordinary shares of £1each (51.6 per cent, owned by Regent) Toney Cox Limited 16th February, 1972 Hist & Company Limited (non-tracing)

2 ordinary shares of £1 each

6. Articles of Association

The Articles of Association of the Company contain, interally, provisions to the following effect:

.25thMay,1978

(a) Young
Subject to any special rights or restrictions as to voting attached to any class of stores, on a show of hands
every member present in person shall have one vote and on a poll every member present in person or by prosy
shall have one vote for every share held by him.

Operators

(i) No siture qualification is required by Directors.

(ii) The fees of the Directors shall be at an annual rate not exceeding £2,500 and such fees shall be distinct amongst the Directors as they shall unanimously resolve or in default thereof equality. The Directors may also be paid by way of additional fees such further sums as the Company in general meeting may determine. Any Director who is appointed to any executive office of who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid, in addition to any Directors' fees, such renumeration by way of salary, percentage of profits or otherwise

as the Directors may determine.

(iii) A Director shall not vote (or be counted in a quotum) in respect of any contract or ensugement or any other proposal whatsoever in which he has any material interests, otherwise than by writte of his interests in shares or debentizes or other securities of or otherwise in or through the Company, except that he shall (in the absence of some other material interest as indicated below) be entitled to vote (and be counted in the quantum) in respect of any resolution concerning the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries; the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in partunder a guarantee or indemnity by the giving of security; any proposal concerning an offer of shares or debenures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a contributed in the underwriting thereof; any proposal concerning any other company in which the is interested. the Company of any of a sustainant in sustainant of purchases which the company in which he is unsersing as a period of the underwriting thereof; any proposal concerning any other company in which he is unsersing directly or indirectly and whether as an officer or standholder or otherwise provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity star capital or of the voting rights available to members of the relevant company; any proposal concerning the adoption, modification, or operation of a superannuation fund or retrament benefits scheme under which he may benefit and which has been approved. y or is subject to and conditional upon t (iv) Where proposals are under con

(iv) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested such proposals may be divided and considered in relation to each proposals may be divided and considered in relation to each pirectors separately and in such case each of the Directors concerned (if not debared from voting under (iii) about shall be entitled to vote (and be counted in a quorum) in respect of each resolution except that concerning his

Bonoming Powers

The Directors shall restrict the bonomings of the Company and exercise all voting and other rights or powers of control exercise ble by the Company in relation to its subsidiaries (if any) so as to procure (as regards subsidiaries so far as by such exercise they can procure) that the aggregate principal amount for the time being remaining undischarged of all moneys bonowed by the Group, being the Company and its subsidiaries for the time being, (exclusive of inter-group bonowings) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed times time aggregate of the amount paid up or credited as paid up on the share capital of the Company and the amount standing to the credit of the consolidated reserves of the Company and its subsidiaries (including any share premium account but excluding any reserves for taxation and after deducting any amount standing to the debit of posit and loss account; as shown by the latest audited consolidated instance wheth citizend as may be necessary in respect of any variation of paid on credital or any

the Company and its subsidiaries (including any stans premium account but excluding any reserves for taxation and after deducting any amount standing to the debit of profit and loss account) as shown by the latest audited consolidated balance sheet, adjusted as may be necessary in respect of any variation of paid up capital or any distribution made or any shares transferred (otherwise then within the Group) since the date of such plaince sheet and so that for this purpose capital allotted shall be treated as issued. The borrowings for this purpose shall be desured to include the issue of loan capital notwithstanding that it may be issued in whole or in past for a consideration other than cash. No such sanction shall be required to the borrowing of any sum intended to be applied in the repayment (with or without premium) of any uncays these already borrowed and outstanding and so applied within sixty days of the borrowing thereof.

The provisions of Section 185 of the Companies Act 1948 relating to the retirement and appointment of Directorsattaining the age of 70 apply to the Company.

At present the Articles of Association of the Company provide that all moneys realised on the sale, transposition or realisation of the Company's investments or of any other property or seases of the Company of the point of the Company and shell be treated for all purposes as such, and capital investments or assets or otherwise, shell be capital moneys and shell be treated for all purposes as such, and capital investments or assets or otherwise, shall be capital moneys and shall be treated for all purposes as an our property or a profits available for dividend. This provision is suitable for an investment trust but, since the Company to be an investment trust, a resolution will be proposed at the ment Annual General Meeting to rough pawkison from the Andrees of Association.

The Directors are satisfied that, taking into account existing facilities and the Company's assumes, the

(a) The Directors are not aware of any higgainst or chains of material importance pending or threatened against the Company or any of insubsidiaries.

Company or any of its authsidiaries.

Apart from the Acquisition Agreement, the Directors are not aware of any contracts which have been entered into other than in the ordinary course of business within the two years immediately preceding the date of this document by the Company to any office subsidiaries and which are or may be material except the following:

(i) An Agreement dated 11th August, 1978 and made between Hiart & Company Limited (1) Regent (2) Footbridge Limited (3) and Bowthorpe Holdings Limited (4) and an Agreement supplemental therein dated 14th June, 1979 and made between Hiart & Company Limited (1) Regent (2) Footbridge Limited (3) Bowthorpe Holdings Limited (4) Mr. Bonas (5) and Mr. Shuck (6), relating to the purchase of the business of Hist and Co. by Regent. The consideration paid, after certain adjustments under the stuplemental Agreement, was £142,899.

(ii) A contract dated 3th October, 1979 and made between Hellerman Studiast Limited (1) and Regent (2) relating to the purchase by Regent of the freehold of 111 to 115 (add), Baltimore Road, Great Berry, Birmingfam for £120,000.

(iii) A certified extract from the Minute Book of Regent recording the subscription of states for a sum of £5,488.

(iv) An Agreement dated 22nd April, 1980 between Castlebridge Limited (1), Castlebridge Limited and

(b) An Agreement dated 22nd April, 1980 between Castlebridge Limited (1). Castlebridge Limited and others (2), the Company, (3) and Keyser Ullmann Limited (4) being the agreement released to above whereby Keyser Ullmann Limited agreed conditionally to purchase 1,000,000 ordinary shares of the Company from Castlebridge Limited.

(c) Except for 750,000 ordinary shares of 10p each issued in May, 1978 at an average price of 21p per share, no Except for 750,000 ordinary shares of 10p each issued in May, 1978 at an average price of 21p per share, no share orloan capital of the Company and, except for share capital of Regent to be acquired under the Acquisition Agreement and the initial share capital of Hlatt & Company Limited, no share or loan capital of any of its subsidiaries has, since 31st March, 1978, been issued, whether for cash or for a consideration other than cash, nor, except for the shares to be issued under the Acquisition Agreement and the Initial share capital of Toney Cox Car Seles Limited, is any such capital proposed to be issued. No unissued are capital of the Company or of any of its subsidiaries is under option or agreed, conditionally or unconditionally, to be put under option. No commissions, discounts, proketages or other special terms have been granted by the Company since 31st March, 1978 in connection with the issue or sale of any share or loan capital of the Company or of any of its subsidiaries.

(d) Following the proposed issue, there will remain authorised but inustred 1,983,325 ordinary shares of 10p each no issue of which will be made which would effectively alsor the control of the Company or the nature of its pricess without the prior approval of the Company in general meeting. No material issue of shares (other than to shareholders pro rate to existing holdings) will be made within one year of the date of relisting of the share capital of the Company without the prior approval of the Company in general meeting.

(e). At the next Annual General Meeting of the Company a resolution will be proposed to appoint Robson Rhodes. Chartered Accountants, who are at present joint auditors of Regent, as the auditors of the Company.

The expenses relating to the acquisition of the share capital of Regent and the re-listing of the share capital of the Company are estimated to amount to £120,000 and are payable by the Company.

(9) Spicer and Pegier have given and have not withdrawn their written consent to the inclusion of their Report la

tin the form and context in which it appears. James Andrew & Padness and Widdowson & Co. have given and have not withdrawn their written consents to the inclusion in this document of releasnces to their respective valuations in the form and context in which they

A Certificate of Exemption under Section 39 of the Companies Act 1943 has been granted by the Council of

ents will be available for inspection at the offices of Keyser Ulimann Limited. 25 Copies of the following doors

Copies of the following documents will be evaluate for inspection at the onices of keyest climate Limited, 25 Milk Street. London EC2V 8JE on weekdays (except Saturdays and public holidays) dating usine business houseured 12th May, 1980:—

(i) the Memorandum and Articles of Association of the Company and Regent;

(ii) the published Reports and Accounts of the Company and its subsidiaries for the two years ended 37st

March; 1979;
(iii) the Reports and Aucounts of the Regent Group for the two years ended 30th September, 1979;
(iv) the Report of Spicer and Pegler; together with a standard of the adjustments made by their for the purposes of their Report and giving the reasons therefor;
(v) the valuations of properties to farred to above;
(vi) the consensate found to in paragraphs 8(g) and 8(b) above;
(vii) the Acquisition Agreement and the other Agreements is taken in paragraphs 8(b) above.

22ndApril 1980.

TEXTILES

Samples produced at less cost

ONE OF the problems in a duction of a very compact, number of industries is the inexpensive, simple processing costly task of sampling. Often line that can run samples of this means that production as little as 1 kg of fibre, while equipment has to be switched samples of even 100 gm can be off the job of making the pro- run if processing is handled duct simply to make a very very carefully. small batch that represents someone's else's idea. This is was developed from what was complex and extremely costly.

In the textile trade the prob- piece of equipment by Haighlem is particularly acute when Chadwick of Marsh Mills, equipment, particularly for, say, Cleckheaton BD19 5BD (0274 spinning, comprises a series of 870321). Most of the equipment production elements ganged has a processing width of 300 together within a single frame. mm, but the mini-card is built With a growing tendency either as 300 or 600 mm protowards recovering and recycling raw materials, the textile manufacturer may often be confronted with a series of different lots of raw materials and in different open the thread and enables the

To run a sample blend in quently the material is fed order to evaluate a shade based through a plucker which still on a particular colour mix is further opens the material, but virtually impossible on production which is much gentler in its tion equipment, if only because action. Finally it is carded. the size of the batch is so

Colour on fabrics

IN THE years since the Second number of technical innovations in screen printing of textiles and today probably the bulk of this type of printing is carried out on what are known as rotary screen printing machines.

Instead of the old style flat screen which is virtually a Czechoslovakia. This is built stencil, the rotary screen is a as an 8-colour printer and it has very fine, engraved cylinder a repeat length of some 640 mm which rotates and applies ink (say 25 in.) and it is able to through perforations and so print fabrics from 900 to 1,800 gives the design to the fabric running beneath it.

kind will have say eight different rotary screens positioned in a row and these run synchronously over the cloth to build up a multi-coloured print. along a flat surface. Except that such machines are flat they very closely resemble the older type of printing machine which denpended on very finely engraved copper rollers, but with a roller print-

positioned around the circum-World War there have been a ference of a bowl which is essentially a large diameter central roller or drum.

The miniature processing line

essentially an instructional

cessing width.

Now a machine that very closely resembles a roller printing machine, but which uses a rotary screen rather than a roller, has been developed in mm (35-71 in.) wide at speeds between 10 and 100 metres/ Normally a machine of this minute. The appeal of this new idea is that an eight-colour machiné occupies much less space in the works than a similar capacity machine printing

The new rotary screen printing machine is the Elitex 4488-05 unit (British agent: Omnipol Trading and Shopping Company (London), 34-36 Gray's Inn Road, London WC1. (01-242 ing machine the rollers were 8640).

a series of separated slivers into a four-tier tape condenser that will give sliver bobbins that can be put up on the conventional spinning machines and run alongside production in the

It may be that only sheer is required in which event this is delivered into a can, while should the line be used for nonwoven fabric evaluation a complete full width web may be doffed on to a wheel or drum placed in front of the card after the tape condenser has been racked forwards. After a predetermined number of revolution the drum and card are stopped and the layered web is

The Haigh-Chadwick line is able to process fibres from 19 to 152mm staple length which is about 2 in-6 in, and it has been described as a "semiwollen" line in that it originated as a tool for the wollen manufacturers, but is now coming to be considered for very much more critical applications such as colour blend evaluation and in examining different blends for

nonwoven texiles. It has been built so that virtually every parameter can be varied at will in order to discover the effect production. If waste material is to be

processed then it will first be fed through a Fearmought COMPONENTS which is a machine that tears Keyboards fibres to be separated. Subsewithstand rough use The card is a very compact

great.

Now, this problem has, in with several options. If a yarn MADE BY RCA and available part, been solved by the introis to be spun then it will deliver in the UK from Norbain Displays are keyboard units designed for demanding environ-

They have a virtually con-tinuous top surface which provides a dust and liquid proof construction which, together with the high noise immunity of the circuits used within, makes them suitable for use in hostile environments.

Known as COSMAC VIP.

these alphanumeric keyboards are ASCII encoded and have flexible membrane keys available as a 58-key "qwerty" configuration, with or without an additional 16-key number pad for fast numeric entry. A finger-positioning overlay combined with a positive action and aural tone feedback give good operator ' Norbain believes that this low

high volume production unit will find use in a wide variety of industrial and con-sumer applications including personal, business and industrial computers. The larger unit with extra numerical pad measures 16.5 x 7.0 x 2.0 in and weighs 3.5 lb.

More from Norbain at Ark- fan. Complete assembly is suswright Road, Reading, Berks pended from an articulated sus-RG2 0LT (0734 864411). pension arm, which can also

SAFETY AND SECURITY

No access to moving parts

"overrun" of moving parts of release of the guard allows the moving parts of the machine to machinery.

Winkworth claims that its new time delay bolt, which acts as a "bar stop" eliminates the possibility of such accidents. Used either by itself or in conjunction with an existing limit switch it can be used with most modern guarding screens, lids or cages.

To remove the guard, the operator turns the screw handle on the time delay bolt. The initial turn activates an internal enough to release the guard. removed from the cam.

AMONG the more common The delay between the activat- method is, however, only On MOTE causes of industrial accidents is ing of the limit switch and the suitable for small lids or covers. come to rest before the operator bolt is applied as a locking has access to them. Winkworth says it has experi-

which measures 160mm by 107mm, to most types of guards or lids. Typical of these are the sliding guards on machine tools. By fixing the bolt so that the bar is in the path of the sliding guard the operator cannot gain access to the tooling area until the bolt has been removed.

Another example quoted is limit switch which breaks the the lids of mixing machines. By electrical circuit. The bolt, the addition of a cam to the however, must be turned further hinge, the lid cannot be raised Bridge Street, Staines, before it can be withdrawn until the bar of the bolt is Middlesex. TW18 4PX (0784 however, must be turned further hinge, the lid cannot be raised

When used on the lids of larger mixing machines the device over the front or side of the lid. If the lid is hinged, the mented on applying the bolt bolt should be used in conjunction with a limit switch at the hinge point. By so doing, the operator cannot screw the bolt in with the lid open and having completed a circuit, run

the machine. If used on machines or mixers with lids that are not hinged a magnetic safety switch can be used and wired in with the time delay bolt.

More details can be obtained from Winkworth Machinery, 1

Watches freezer temperature

ALTHOUGH AIMED at the temperature cycling resulting by means of a screwdriver commercial user, a device from from defrosting to continue. Ranco Controls that warns when

warning of high temperatures telephone dist-out unit while allowing the normal

A MULTI-PURPOSE analyser

tronic event recorder which can

industrial monitoring devices of

enables vehicle engines to be

safely run while the vehicle is

in a confined garage or work-

shop is announced by John

Plymouth, 51 High Street,

It consists of a suction head

that is clipped on to the vehicle

exhaust, a flexible neoprene

rubber hose, and an extractor

Banbury, Oxon (0295 2503).

Extracts the fumes

to production machinery.

Warns of trouble ahead

Associates of North Road, Tims-bury, Bath BA3 1JJ (0761 70129) is essentially an elec-

be programmed to take pre- master unit at a central point

determined action whenever a and any installation can be con-

change of state occurs in one of nected to Securicor's nationwide

all kinds, or sensors connected or determine the characteristics

AN EXHAUST extractor that carry an air line, power supply

and lighting.

in use.

the sensors to which it is con- network of control rooms.

a separate relay is energised Called Freezalarm, the unit is wich can be used to operate a able to give visual and audiable remote alarm or an automatic

Alarm temperature is pre-sel

loggers can be linked to one

are being left on unnecessarily,

Suspension design means that

over the extractor, says the com-

There are four models, the

largest giving a maximum hori-

of up to ten vehicles.

of a central heating system.

adjustment on the front of the Indicator lights show normal unit and typically would be set temperatures have (green) or alarm (red) and in at 6 dec C above the freezer become unacceptably high is the latter case a two-tone cabinet temperature. A delay also expected to achieve warbling sound is emitted and timer prevents d-frosting cycle alarm and this is similarly

AUTOMATION **Indicates** All of these events are reand logger unit from Ashley corded and printed out on paper

plexes several remotely sited faults SINGLE MACHINES or a com-

plete plant can be sequenced and faults identified by a microprocessor-based programmable The company sees applications control system put on the Up to 999 circuits can be in fuel conservation: with approarmand accommodated and they may priate sensors, a glance at the P.O. Box 10, Atlas Works, comprise fire or intruder alarms, print-out will show where lights Gloucester GL1 5RF (0452) 28611).

Originally developed by the company for the control of products that it makes itself, the organisation has now been established for undertaking sequence design and engineering, procure-ment, site installation and commissioning of such systems for industry at large.

Exercising control according there is no danger of the to a set program or programs. vehicle accidentally running the unit can also feed data such as units produced per machine pany - a spring balance autoand downtime back to a mainmatically lifts the suction head frame computer, together with to above head height when not reasons for stoppages. The equipment will also show where the problems are occurring. All the data is shown on a

zontal reach of up to six VDU in plain English and can metres, enough for a floor area be repeated by a printer if be repeated by a printer if desired.

Bank takes equipment

COMPUTING

COMPUTING equipment worth about 13m is to be supplied by NCR to Clydesdale Bank over the next two years, basically in the form of three V-8575M machines one of which has already been installed in the bank's computing centre in. Glasgow.

Clydesdale is moving over to the machines from the two light goods puters currently in use and will he able to use its existing Century B3 programs without simulation says NCR.

The bank will also be setting up an advanced distributed regional remittance centres in have two NCR 7750 systems using dual switchable 8250 comeight work stations for document processing and data capture and the other for communicating accounting information to the central machine.

adjustable. Ranco Controls Europe is at System Will Stadium Way, Reading RG3 6BX (0752 777166). grow

HONEYWELL HAS taken a tilt at the smaller business systems market with the announcement of the DPS 4, a multi-processor system which can be "grown" by connecting further processors to a maximum of 12, offering massive power or high availability.

An entry level computer consisting of four processors, 256k bytes of memory, 56 megabytes of disc, video console, two work WHERE stations and printer costs just under £30,000.

For the new small user the DPS 4 is available with an integrated range of ready-to-use software and offers facilities for sales order processing, stock accounting, sales ledger and analysis, purchase ledger, purchase order control and general ledger.

The machine runs under the control of a newly developed multi-programming of up to 15 job-streams and multi-process ing ability.

terminal screens and can inter-actively create, display, and print files, directly define and produce reports, enter data, modify records and make file

Atlas Copco compressed air systems. A force put to work for you.

HE

• TRANSPORT Will carry

makers and traders, bakeries, florists, furniture and fine are dealers as well as the electronics industry, for which softlyup an advanced distributed spring version is available, is a intelligence system with six tractor/semi trailer combination which does not need an HGV Glasgow, Edinburgh, Abedreen licence. It is to be supplied by and London Each centre will Tudor Vehicle Imports (UK), Gildersome Spur, Gildersome using dual switchable 8250 com- Morky, West Yorks (0532 puters, one controlling four to 521841). The Romanian-built verhicle incorporates a number of British components and comes with a choice of 2.5 litre, 83 bhp ARO petrol engine, or 3.1 lifre, 72 bhp ARO diesel, and an all-synchronesh four-

speed gearbox.

A Davis Magnet fifth-wheel coupling is fitted to the modified Tudor chassis which can be supplied with either a standard three-line braking system or with electric braking operated by two Linde controllers linked hydranlically to the tractor service brake circuit.

• PROCESSING Hot or cold

CONTROLLABLE flameless heat is required for shrinking tubing, processing solder sleeves, printed circuit board drying, etc., in the electropics industry, one answer could be a heat gun offered by Eraser International, Unit M. Portway Industrial Estate, Andover, Hants. (0264 51347). · A switch control enables the

10009 to provide hot or cold air. Standard model produces hot air at 650 degrees F and operating system offering both two colour coded nozzles are available to provide temperatures of 500 and 800 degrees F. Element and nozzle-changing Operators use menu-style takes about 20 seconds. Electrically operated, the

which clip on the nozzle for shrinking tubing and providing a pin point heat source for soldering, etc.

Honeywell Information In general industry it could Systems, Great West Road, be used for welding plastics, Brentford, Middx (01-568 9191). paint stripping, glue curing, etc.

Building and Civil Engineering

£18m UK gas pipelines

BRITISH GAS has awarded a will be recruited locally in section of the crossing which is contract worth £9.5m to Nacap Scotland. of Doncaster for the construction of 76 km of 42-inch

Over 500 men will be employed during peak construc- gas line across the Tay estuary specialists from the company,

A member of the Royal Bos from sister Kalis Westminster Group NV,

tion of 76 km of 42-inch diameter gas pipeline between Aberdeen and Arbroath. the company is currently carrying on the trench dredging and backfilling operations which call in general for three metres of gas pipeline in South Wales. Job of laying a 7.7 km 42-inch

tion of the work scheduled to for British Gas is worth £9m to take nine months. These will Land and Marine Engineering, include about 100 British another member of the group. This involves a 1,200 tonne

and the balance of workforce winch pull to position the main started,

started work on a £3m office dations with precast concrete redevelopment in Bow Lane. London, EC4, for Watling Street viced by two lifts and three properties. Properties. aurant, canteen and kitchen; The Well Court Development,

as it is known, entails the demolition of several existing properties of varying ages and retaining and restoring some the facades. Extensive underpinning will support retaining walls and basement in readiness for rebuilding a four storey office

The contract calls for a struc-



Gilbert Ash 041-248 2511 Pegasus House West George Street, Glasgow

Contract

The weekly with the business leads

Ring: LEE GORING 01·643 8040 ext 4306

City offices contract TROLLOPE & COLLS has tural steel frame on piled founfloors. The building will be ser-

> The architect is the Fitzroy Robinson Partnership. Completion is due in August, 1982.

plant rooms will be located at

Structural steelwork STRUCTURAL engineering sub-

roof level.

sidiary of S. W. Farmer Group, S. W. Farmer, had been awarded a £2m project by Ralph M.
Parsons for the British
Aluminium Company smelter
modernisation at Lochaber, Fort William.

Work includes the supply and erection of 2,700 tonnes of structural steelwork for two cell rooms, each 20 metre span by 341 metre long, togeher with two link buildings.

Steelwork will be made in Farmer factories in London, Leeds and Darlington, and is due for completion by the end of this year.

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4.3 km long. Two dredgers minster Dredging will be workcover increasing to 4.5 metres in

the channel section. Construction programme calls for completion of the works by mid-October this year and work on the project has already

£5m jetty contract

CHRISTIANI and Nielsen has been awarded a £5m contract by Shell UK, Exploration and Production, operator for Shell and Essex at Mossmorran-Braefoot Bay NGL (natural gas liquids) project in Fife.

The contract calls for the building of a jetty which is to be a steel piled construction with a reinforced concrete deck. Work will start soon and be completed in 1981. Pipework for the jetty will be constructed by Ralph M. Parsons, the main contractor for the project.

Mixed bag of orders

OVER £2m worth of contracts have been awarded to companies in the London and Northern Group for work in the north of England and Ireland. About half of this figure

covers warehouses and factory extensions for Ashley Accessories, alterations to treatment works for North Western Water Authority, and construction of a fitting shop at Carlisle for Clarke Chapman (all to be undertaken by Border Engineering Contractors); phase two of University House, Lancaster, is to be carried out by Border, William Huddleston and Sons under a £234,000 award by the Council of the University of WORK IN hand at Surrey Docks

for asphalt footways at Belfast Sindall Construction. north and Newton Abbey in Northern Ireland for the D o E worth £303,000: and G. W. additions to Harlow bus depot in the curing yard ready for Lazenby has won contracts for London Country Bus Ser- transportation to site and instalworth about £163,000 for schools vices (£325,456) and a mill and lation. in Whickha mand Peterlee, Co. store in Cambridge for Travis

Lancaster.

Big job for **Crendon** Concrete

IN ASSOCIATION with the Arab Technical Construction Co. (Arabtec) of Dubai, Cren-don Concrete (Overseas) has won a big contract in the United Arab Emirates.

The contract covers design, manufacture and erection of precast wall and flooring panels for the Hall of Residence for female students at United Arab Emirates University at Al Ain. Main contractor is Emirates

Precast and value of the con-tract is about U.S.\$10m. The work has to be done in seven

Awards for housing

FOUR CONTRACTS together worth about £10m have just been awarded by the Milton Keynes Development Corpora-John Mowlem will start work

Furzton 1A ranging from twoperson bungalows for old people to two-storey, six person houses under a contract worth about £1.6m, and the company will also carry out a £550,000 contract for housing at central Milton Keynes. Robert Marriott has secured

work worth £4.2m to build 184 dwellings and a sheltered hous-ing scheme at Oldbrook, near the city centre while another scheme at Oldbrook is worth about £3.6m to the John Willmott Group. The latter calls for 186 two and three storey houses of traditional construction.

Work for

for the London Borough of W. and J. Taggart (Quarries) Southwark in three separate con-has been awarded a contract tracts is worth nearly £3m to Southwark in three separate con-Other contracts just an-

nounced include alterations and and Arnold, worth £285,657.

CHESHIRE County Council has A5117 interchange to Stoak, it cubic metres of imported accepted a tender from A. Monk is routed south to the A56 material. of an extension to the M531 Hoole Village. There is to be a in the project—four under-motorway. Hoole Village. There is to be a in the project—four under-ground-level roundabout at bridges, two overbridges and

Valued at £9.6bn the con-

km of link and slip roads.

tract calls for 4.5 km of dual carriageway motorway and 2.7

Hoole on the A56 and several three sign gantries. side road diversions. dualling of the existing A56

ide road diversions.

Among ancillary works there is to be diversion and protection of existing services and oil Commencing at the Stoak from its junction with the M531 pipelines, fencing an interchange at the intersection extension, to the roundabout, at traffic signs, street if of the Hapsford to Lea-by-the junction with the A41. communications.

Backford motorway section Earthworks include 360,000 Completion is expe

pipelines, fencing and drainage, traffic signs, street lighting and Completion is expected in the late summer of 1982.

Monk gets £9m motorway award Sites, Design, Finance, Construction Hunting Gate (0462) 4444

Keeping up appearances

FOR ARCHITECTS and local shift A similar surface area in British Gas has awarded a authorities who insist on a traditional brickwork is esti-traditional brickwork appear mated to take six days to comance, is a quick, inexpensive plete, plus extra time for plassystem which is said to display all the characteristics of con-ventional brickwork yet is a built into the palen to facilitate sandwich classing system formed from bricks designed to fix onto a polstyrene peg grid.

Building Regulation requirements with good U values and acts as an accurate location grid for the bricks, ensuring a consistent mortar joint, says London Brick Buildings, Banbury House, Royal Leamington Spa, Warwicks (0826 27131).

A reinforced concrete face is bonded to the polystyrene grid with normal brick ties which provides the internal surface requiring no further treatment than a coat of paint when the structure is completed.

The panels are made in this month on 89 dwellings at standard mould giving a maximum panel size of 4.8 metres wide by 2.4 metres high. Smaller panels are of 3.6, 2.4 and 1.2 metres wide. Each panel sandwich has 160 mm thickness.

Damp proofing is achieved through two coats of Aquaprufe on the concrete base, and one coat on the bottom of the panel. The panel itself is bedded on Panels are constructed when

reinforced concrete is poured into the mould to form a 58 mm base, and the polystyrene grid is placed on top. At this stage, window frames and door openings can be incorporated into the panel with special formers. The 50mm thick LBC facing bricks are located and fixed on to the pegboard. Any patern, including herringbone, can be catered for to the design of the building.

A mould lid is then clamped into position and pivoted through 90 degrees, and a liquid grout pumped into the mould to form consistent mortar joints. The panel is removed from the mould after 24 hours and held tering and drying,

easy handling of the product which may be combined with the new two-storey, Modular 4.8 and The polystyrene offers insula-tion values which comply with mercial and industrial applica-

Dual-role power unit

A SELF-CONTAINED, portable unit which will provide simul-taneous use of hydraulic and electrical power has been produced by the Construction
Equipment Division of Williams
and James (Engineers).
It is based on the company's
Pacebraker hydraulic power
pack and concrete breaker, but
is equipped with an alternator
to provide a power source for a

to provide a power source for a wide range of jobs. It can be used for road break-

ing operations and at the same time provide floodlighting or traffic light control. Electrical output can also be used to run pipe welding equipment, or power tools, while the hydraulic power can be diverted to run hammer drills, submersible pumps, chain saws, disc cutters and so on.

The unit is equipped with a 16 hp engine below which is mounted the 2.5 kV alternator which provides power via two 110 volt-16 amp sockets. Called the W & J Masterpac

the unit has three wheels for easy movement on site, and the chassis is also equipped with fixing lugs so that users can remove the wheels and mount the unit in their own vehicle or More from the company at

Chequers Bridge, Gloucester GL1 411. (0452 36661). • A study into the potential use

of stone in new building by Hutton and Rostron on behalf of the Stone Federation and the Twenty panels can be in- DoE is published today by stalled in an average eight hours HMSO at £5.

IN BRIEF

feasibility study contract to Land and Marine Engineering to carry out a comprehensive to determine the routing and programme of hydrographic and pipeline design for transmission of gas between the Easington terminal and the Rough Field, for reservoir storage.

● A £362,000 contract, has been awarded to Walter Lawrence by the Property Services Agency for new works on behalf of the Royal Engineers and Royal Army Ordnance Corps at the Ordnance Support Thetford, Norfolk Unit, Site investigations, geophysi-

cal surveys, etc., to be undertaken during the next three months by Osiris-Cesco are valued at over £700,000. Work Planning Partnership; altera-is located all over the world tions for Prudential Assurance; is located all over the world including West Africa, Middle East, Australia and the UK.

 Hunting Surveys has won a major BP Development contract programme of hydrographic and shallow geophysical surveys in the North Sea and the Continental shelf of the British Isles during 1980.

Duke and Ockenden (mem-

ber of Mowlem Group) has an order worth £350,000 to supply six tractor-mounted Dando 250s to be used mainly for open cast exploration in the Midlands by Drill Sure Three contracts together worth about £1m have been awarded to Y. J. Lovell (Southern) for work on an office block for the Architectural and

and car park and road for Key

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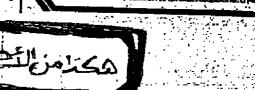
Controls, means that at long last, a home of your own in the United States makes sound financial sense. cenvili communities incorporated—a publicly owned Corporation quoted on the American Stock Exchange-now offers British buyers a selection of outstandingly appointed

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equipped kitchen, airconditioning carpets, etc. Pull furnishing also arranged if Up to 10 year loan facility available through London clearing bank to approved buyers Private cultural and recreational facilities within your own ,community





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Alarmist duo charts a safe market policy and wins City backing

company which he eventually

Munford's background is in mechanical engineering, includ-ing a period in the early 1960s

as chief draughtsman at Dawe Instruments (where he first met White). Over the years he has

alternated between working for

companies and working for himself. Prior to setting up Munford and White, he had estab-lished his own company which

was involved in both fabricating

and design. His earlier experi-

ence had included drawing up

mechanical designs for the

White generally develops the

concepts for the different types

of alarm-what it should do

and how it can be done electronically—while Munford con-

centrates on the best way to manufacture the product.

Because each recognises his

own particular specialised con-

tribution, they decided to bring

in a commercial director and a

chief tester" at an early stage.

This recognition of different

disciplines — which is often missing from young, entre-

preneurially-based companies -

has extended to the link-up with

Charterhouse. For, although CDC's stake is small, it has a

director who provides financial

advice on the Munford and White Board. "We're very

happy in this respect," com-

ments White.
CDC would like to increase

the size of its investment in

Munford and White, although

this is unlikely to happen in

the short-term, given that the

company has been able to fund

all of its business expansion

from internally-generated re-

But what about when Munford and White wish to

realise a substantial slice of

their capital? So far, they have

both considered, but rejected, the idea of selling out to an-

other (though it seems likely

right offer, they would find it difficult to resist). More likely,

Nicholas Leslie

sources.

listing.

alarm industry.

THE MANAGEMENT PAGE

"THE BEST thing you can do at the prototype stage of a new product is to go out and show it to the end users; find out where you have gone wrong and put it right. Then you can start

Atlasc. COMPIECE

TO SERVICE OF

* TRAMSPOP

• PROCESSE

This is the view of Barry White, co-founder with John Munford of a security alarms manufacturing company that bears their names. It is a philosophy which has been showing good results in the five years since "Munford and White" was set up. After an initial loss of £8,000 on sales of £143,000 in the first 14 months of operation the company has expanded steadily and 1979-80 is expected to show sales of £870,000, with a healthy profit margin of 25 per cent producing pre-tax pro-fits of £217,000. performance.

apparent potential, of the company have proved attractive to Charterhouse Development Capital, an offshoot of the Charterhouse Group finance house, which has just bought an 8 per cent stake in Munford and White. CDC-whose share-holders also include major insti- his own company in 1964 to tutions -- has taken a stake very much smaller than it would normaly consider. But as this was all that was on offer (Barry him for a few years in this White wanted to raise some venture before leaving to set up capital for personal reasons) it decided it would make the investment in the belief that Munford and White's growth potential offered worthwhile expectations of income and, more particularly, capital gain.

White feels his point about development product development was proved by his and Munford's early experience. For their first two years sales of the alarms were hardled by a sole distributor which meant they had little direct contact with their market. Though their sales progressed, they felt it would be in their interest to broaden their marketing base by selling directly. They developed a new range of alarms which was not in direct competition with those handled by their distributor. It was at this stage that "I went out to meet the end-user," says White, and he believes that this helps that company to produce immediately acceptable new pro-

. The market for their products is diverse—from private houses to factories — and the range includes technologies of ultraray and microwave introder detector alarms. It is a field where there is pressure for increased sophistication both impetitors and from techangal developments which the Botish Standards Institute reuires to be included.

to comply with these standards stands it in good stead with customers such as Chubb, LCA Alarms and Securicor.

The company has now taken out several patents on its designs, but Munford acknowledges that this is a costly process. He also maintains that some of its products have been copied abroad—"but what can a small company do about this?" be asks.

Both Munford's and White's backgrounds seem ideally suited to a partnership in a company that at some stage, given the such as the one they have now created. White, with a physics degree, began working in elec-tronics with Bristol Aircraft. floation in the long term; avoid-He subsequently became ing a full public share offer and involved in the 1960s—in other settling for a Section 163 (2) companies-with both security equipment and electronics for vending equipment, and set up

Management

p. 184 (12½ pages)

Internal Labour Markets in

Japan. S. Jacoby in Industrial Relations (U.S.), Spring 79:

Investigates the origins of Japan's labour markets; examines the theory that

"nenko" (permanent employ-

ment, seniority based wage and promotion schemes) is a continuation of the country's cultural traditions; discusses

the notion that labour renten-

tion is occasioned by the need

to train workers in firms

based on specific technologies.

Alternatively argues that "nenko-based" personnel

policies stem from manage-

ment's desire to weaken the

"ovakata" (a pre-factory form

workforce resistant to unions.

Emphasises the importance of the constraints imposed on

abstracts



John Munford (left) and Barry make vending machine coin counting equipment. Munford, White: happy to have a Charterhouse director on their whom he already knew, joined pound

BRITISH COMPANIES are very introverted about financial fore-casting. They look primarily at their own past performance, rely on their own internal intelligence to assess the immediate future, and largely ignore outside sources of informationcertainly the economic projections of government.

Their forecasting methods are basic and their objectives relate far more to assessing shortterm cash requirements and profitability than to gauging their needs for capital investment and growth.

Optimistic

The majority of companies for this opposition. First, that that do financial forecasting forecasts tended to be inalso appear remarkably optimistic and self-assured given that cent said this), and that they they do only single figure fore- may mislead the users of the casts, ignoring the need to forecasts (28 per cent). Other cater for a range of contingencater for a range of contingen-cies by establishing high, medium and low forecasts based on differing assessments.

These points emerge from a study by the Institute of Cost and Management Accountants into the financial planning and control practices among UK companies. The finding are drawn from the responses of 550 companies — both quoted and unquoted - out of a total of 1,692 which were approached. The companies ranged in size from less than £1m to over £50m of assets. The companies fell into four

industrial groups: mechanical engineering; clothing; building and construction; and food, drink and tobacco. spread was to take account of differences in product and

A blinkered view of the future with each industrial group was — respectively — capital goods, domestic goods, cyclical, stable.

The survey revealed strong hostility to the concept of companies being required to pub-lish profit forecasts. Of the companies surveyed, 65 per cent were against such a requirement. Among publicly quoted companies the hostility was even greater, with 74 per cent against such a move.

Two basic reasons were given accurate and uncertain (52 per is not the purpose of accounts to provide forecasts, that such requirement may inhibit management and decision-making, and that users of forecasts would find them too difficult to understand.

More than a quarter of respondents prepared forecasts while just under a quarter sought to ascertain what their profitability and return on capital would be. But only onetenth gave "setting objectives and targets" as a reason for forecasts, and a similarly low number had investment and growth in mind when assessing. future financial performance.

While almost all of the com- of colthing companies, 44 per panies prepared some form of cent of food and drink, 36 per profit estimate for periods cent of construction and 23 per

volatility of business activity. ranging from one month to cent of mechanical engineering. The characteristic associated three years, only three-quarters companies. three years, only three-quarters made similar assessments of their likely balance sheet out, come. There was also a significant difference between the

industry groups in the ratios of those forecasting and those not. While 94 per cent of the mechanical engineering concerns prepared balance sheet forecasts, only 66 per cent of clothing companies did so. The percentage for both the construction and food, drink and tobacco sectors was 78.

Not surprisingly, perhaps, the larger the company, the more likely it is to prepare forecasts. The percentage of componies putting together estimates rises progressively from 60 per cent to 98 per cent for companies ranging in size from those with assets of less than £1m to those with over £50 of assets.

Predictable

What is surprising, though, is that as many as 12 per cent of companies with between £10m to establish their likely cash of companies with between £10m requirements and liquidity. and £25m of assets should not do any valance sheet forecast-ing, and likewise 3 per cent with between £25m and £50m of

The time scale of forecasts varied according to a reasonably predictable pattern. example, profit forecasts for a maximum of one year or less, were prepared by 73 per cent

companies,

For forecasts of between one and three years, the respective percentages were 19, 21, 39 and 30 per cent and for over three years were 8, 35, 25 and 47 per

They made their approach short-term forecasts by first preparing their longerterm estimates and then breaking them down. This was particularly so with profit and loss estimates and balance sheet and capital expenditure forecasts.

However, with cash budget projects the approach was roughly equal between a breakdown of longer-term forecasts. preparation of short-term forecasts before adding them together to establish a longerterm estimate, and preparation longer-term forecasts, with a subsequent reconciliation of the

Rather incongruously, given that inflation and other uncertainties have for several years een a key factor of business life, just over three-quarters of the companies relied on preparing a single forecast with no subsequent adjustment to the original data. Relatively few used a type of estimate that allowed for uncertainty in forecasts, says the report. And " in total only 5 per cent of forecasting companies stated that they estimated for different possible outcomes.

The most common approach to forecasting - practised by

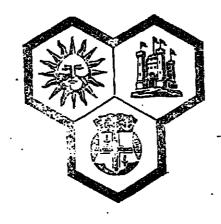
66 per cent of companies—wa based upon formal analysis of several factors expected to have an important effect upon future performance. The main factors included sales volume and demand, costs, production capacity and utilisation, labour availability and costs. general general economic and political situation and finance availability and cost and general liquidity.

Records

Yet in establishing these factors, companies relied on little but their own information and supposition. Their most important sources of information were records of past per formance and special investigations by company staff. Of of independent short-term and moderate to slight importance were information from employer groups (not too encouraging for the CBI) and independent reports on the state of the economy and its prospects (a bit depressing for the busines schools).

Even less importance was attached to government pronouncements on the economy and to information emanating from government departments or publicly financed bodies. Financial Planning and Control A Survey of Practices by UK Companies. By Colin J. Jones. The Institute of Cost and Management Accountants, 63 Portland Place, London W1N 4AB, price £2.50.

Nicholas Leslie



SUN ALLIANCE INSURANCE GROUP

Highlights from the Statement by the Chairman — Lord Aldington

General insurance in 1979 produced massive underwriting losses for major British Offices. Because of the nature of our business, we, with an underwriting loss of £26.4m, have fared worse than many of our competitors.

private houses in the United Kingdom, with especial severity.

First, there was the sudden and alarming resurgence in rates of inflation. Such sudden rises are costly and dangerous to insurance companies.

Secondly, cold weather during the winter of early 1979 in the United Kingdom and serious floods in December caused heavy losses. We estimate that exceptional weather claims on our Home business amounted to £12m. Extreme weather losses suffered overseas are estimated to have

Thirdly, the intensely competitive state of insurance markets throughout the world has seriously squeezed margins. This has happened quite often in the past but the dangers inherent in the process during a period of rampant inflation are self-evident and alarming.

Marine and Aviation results for the 1977 underwriting year produced an acceptable profit. The useful increase in life profits and rising rents and dividends together with higher interest rates helped to offset the underwriting losses.

1978

The Group's total profit before tax amounted to £49.2m compared with £59.5m in 1978. Following the abolition of dividend limitation the Directors have resolved to declare a total dividend Three major causes combined to produce heavy losses and two of these hit us, as the largest insurer of of 28p per share compared with a dividend of 22.505p for 1978 - an increase of 24.4%. We have retained in the business £17.2m out of the year's earnings, less than in 1978 and 1977, but our solvency margin remains strong at 72% of the premium income, which in sterling terms grew by 4.9% over 1978, or 9.2% after allowing for changes in the rates of exchange, Insurance should be healthily competitive but irrational competition caused by the surplus capacity round the world has troubled us seriously for a number of years now. Despite the repeated warnings of leaders in our business there are still too few signs of any general acceptance of the need to charge premiums that are adequate for the risks accepted.

It will not be easy to achieve a sound level of underwriting profit over the years whilst high inflation lasts. We shall continue to strive to reduce our costs by greater efficiency using the latest methods. It is not unreasonable that our industry should ask the Government to give insurance companies an element of tax relief in inflationary times on some basis comparable with that of "stock relief" available to industrial companies.

HOME

Fire

We are still having to make considerable premium adjustments in our efforts to retain desirable business.

Reduced rating levels coupled with an exceptional number of large claims have inevitably affected the underwriting profit which is substantially below the 1978 result. The continuing large number of deliberately caused fires is a matter for serious concern.

Accident Although very satisfactory results were achieved from some classes, the severe underwriting losses from liability business caused a marked deterioration in the account as a whole.

Professional Indemnity claims increased significantly both in number and cost and all liability insurances were adversely affected by the escalation in the damages awarded for personal injury.

Premium rates were increased during the year but the costs and rremain raiss were indeased during the year out the costs and frequency of claims accelerated even more rapidly. Apart from the effects of inflation, results were adversely affected by the sharp rise in the number of road accidents during the severe winter weather in January and February and the imposition of the higher rate of

Personal

For the third time in four years extreme weather conditions have

Premium rates for domestic building insurances have remained

michanged for over half a century despite the many important extensions in cover that have been given in recent years. Substantial losses have made an increase in the rates inevitable and this is now being implemented.

Engineering Our specialist engineering subsidiary, the National Vulcan, has again earned a profit.

OVERSEAS Europe

Despite the determined measures to improve our results in Germany, the Securitas suffered a further significant, though reduced, underwriting loss. In Denmark our companies made progress towards correcting the earlier adverse trends. Poor Fire experience was largely responsible for the loss on our operations in Holland and we suffered a loss on our French account. Stringent remedial action in Belgium led to a much improved result and our branch in Italy maintained its profitable development.

T.S.A.

United States underwriting appears to be moving once again into a downwards cycle, and there was a considerably reduced profit at the end of a difficult year. We are grateful to our Managers, Chubb & Son, for their efforts and during the year we took the opportunity of increasing our holding in the share capital of The Chubb Corporation to almost 10%.

Although in line with market experience it is disappointing that our Canadian operation produced a significant loss.

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With no real improvement in the general market situation, my varning last year of a decline in the profitability of our important Australian business has been justified all too soon. There is an urgent need to return to acceptable standards of underwriting.

Summary of Results

	£m	£m
Premium Income		
General Business	546.1	520.7
Long-term Business	136.5	120.7
	682,6	641.4
Underwriting Result		
General Business	(26.4)	(4.9)
Long-term Insurance Profits	4.9	4.0
Investment Income	70.3	59.8
Other Income	0.4	. 0.6
Other modifie		
Profit before Taxation	49.2	59.5
Taxation.	17.8	26.1
•		
Profit after Taxation	31.4	33.4
Minority Interests	0.4	0.3
	31.0	33.1
Profit attributable to Shareholders	. 13.8	
Dividends	- 13.8	11.2
Profit Retained	17.2	21.9
<u>.</u> .		
Earnings per Share	62.9p	67.1p

The Annual General Meeting of Sun Alliance and London Insurance Limited will be held on 28th May 1980 at the Head Office, Bartholomew Lane, London EC2N 2AB.

Other Territories

Our operations in New Zealand produced a substantial underwriting

In the Caribbean, hurricanes took a serious toll and in Africa our account suffered very heavily from the rioting in Liberia. Profitable expansion continued in the Middle East, and there was encouraging growth in South East Asia.

A satisfactory increase in premium income was achieved by Protea in South Africa and a modest underwriting profit was earned. The suestantial Overseas account written in London produced

REINSURANCE

There has been no easing of the difficulties of earning underwriting profits and there was a loss compared with the marginal profit last

MARINE & AVIATION

The 1977 account was closed at the end of 1979 and we have transferred £2.5m to the Profit and Loss Account, In 1979 Marine Insurance markets were confronted with the worst

hull casualty situation ever recorded in peace time. During the year remedial action was taken to improve hull rates and the London Market must continue to give a lead if this section of the business is to be put on a sound basis.

LONG-TERM INSURANCE Individual Pension Arrangement business was buoyant and there was a welcome improvement in the sale of ordinary life assurance policies; our new annual premium linked contract also had a good start. However, the amount of new mortgage-related business was disappointing. Sales of our Personal Pensions business received a modest setback too. Taken overall, the increase in the amount of new annual premiums was satisfactory.

An actuarial valuation of the main Life Fund enabled a distribution of £22.7m to be made, and bonuses were maintained at the increased rates declared at the end of 1978.

The total contribution to Profit and Loss Account amounted to £4.9m compared with £4m in 1978.

INVESTMENT

1979 was a poor year for the U.K. economy. The rate of inflation rose sharply and short term interest rates reached record levels by the year-end with M.L.R. standing at 17%.

Throughout the year, rising oil prices gave sterling a considerable measure of strength, whilst the abolition of exchange controls resulted in the disappearance of the investment currency premium. Both factors reduced the sterling valuation of certain overseas

The overall surplus of market over book values in the General Funds was £183m. Investment income increased by 17.6% to £70.3m; excluding the effects of exchange movements, the underlying growth was 20.7%. The surplus over book values in the Long-term Funds was £147m.

PROPERTY

The year was one of continued strength in U.K. property markets with substantial increases in rental and capital values. A number of major development projects were completed and let during the year and we currently have a development programme

running to some £50m.

A Many is 1970 was one of the most difficult years in the history of the Group, we have significantly acceptable our reserves in the face of rising inflation and the rate increases being implemented wherever in in unprofitable classes give us a firm basis for recovery.

conscious of the continued pressures from some consumer interests alleging that the services in the companies are lacking. There is no true ground for these allegations. The evidence is not been found wanting in meeting the reasonable expectations of our said in 1979 we handled record numbers of claims involving substantial payments. There is

always room for improvement in insurance, as in any other sphere, but this will be most effectively achieved by the individual companies competing to offer the highest standards of service and ensuring first premiums are fairly spread between policyholders. The disappointing outcome for the year masks the considerable efforts that have been made throughout the organisation and the successful achievements in many areas.

Our staff have continued to work hard, and I thank them all sincerely.

choice of personnel policies by firms' structures and the product market. Top Secretaries: Rarer than
Ever. D. Gottschall in Manager Magazin (Fed. Rep. of Evolution to a Matrix Organisa-Germany), October 1979; p. 46 (4 pages, iRus.; in German, English version available) Analyses the shortage of capable top management secre-

demand Small Companies' Need for

Audit. Accountancy (U.K.), December 1979: p. 97 (61 pages)
The text of a document, issued by the Consultative the determinants of the evolu-Committee of Accounting tionary process. Committee

taries and considers what is tions of matrix organisation being done to redress the imbalance of supply and

companies, examines the alter-native of the review and discusses how it might be introduced. Trends in Quality Assurance. H. D. Seghezzi in EOQC Quality (Switzerland), No. 4/79: p. 14 (2) pages, dia-

Bodies, which summarises the

case for and against changing the audit requirement for small

grams). Points to ways in which quality differs from other factors (delivery and price) in a

supplier's performance, and sug-gests how its special position affects the way it is managed; identifies trends in quality con-trol, including pushing its focus back from-finished product inspection to process control and increasing individual operators' responsibility vis a vis specialist inspectors.

of organisation of mobile The Implementation of Change craftsmen) and to ensure a firm-trained, stable and loyal Participation (UK), Autumn

79: p. 21 (3½ pages). Advocates management/union co-operation in the face of technological innovation, and in the planning and implementation of change; draws on named examples of what are said to be

tion. H. F. Kolodny in The Academy of Management Review (U.S.), Oct. 79: p. 543 (11 pages, charts, table). Traces how theoretical defini-

have developed, and reviews the literature on the evolutionary stages of matrix structures in management; identifies stages through which they pass, the support systems necessary for their operation, the characteristics their members develop, and

BY SAMUEL BRITTAN

santer than the chauviulstic supposed vilification of everything that rationality" out of the exercise. goes on elsewhere. But it can still be a misleading guide to

A case in point is the German system of "concerted action" involving the government, unions and management. Mr Denis Healey frequently extols it as an ideal incomes policy working, without formal controls or the rigidities of previous British experiments. Sir Geoffrey Howe has looked at it as a model for educating trade unionists in the folly of pursuing

excessive pay increases.

A detailed study of "Trade Unions. National Politics and Economic Management," by a group of German and British academics, soon to be published by the Anglo-German Foundation, suggests however that there is very little with which to be "getting on." The vogue for concerted action is a characteristic example of confusing a minor institutional device with the more deep-seated reasons for the divergent performances of different countries.

Comerled Achon worked as pay restraint mechanism during a brief period in 1967-79.
In the 1970s it "lost most of its significance and status." The German trade union federation, the DGB, withdrew in 1977, as a protest against the employers organisation's fight against the latest workplace co-determination laws. But neither its withdrawal. nor its subsequent return (without the label last year, when the Constitutional
Court ruled against the ruled against the employers made any discernable difference to the economy.

The heyday of concerted action coincided with the entry of a Social Democrat Economy Minister, Prof. Karl Schiller, into a coalition government. idea was to mobilise the main interest groups to try to achieve the magic quadilateral of full employment, stable prices, a sound balance of payments and rapid growth.

In 1967-68, the meetings and statements of principle may well have had something to do with the lag of real wages behind the growth of the economy— although the 1966-67 research was probably even more important. But the failure of the German Government and Council of experts to predict the a non-existent Holy Grail.

THE TENDENCY to roman rapidity and extent of the ticise other countries is plea- recovery soon took most of the santer than the chauvinistic supposed "objectivity and

> Pay restraint broke down in. 1968 with a metal industry settlement at the then very high figure of 11 per cent. In 1970 there was a postwar record rise of 12 per cent in nominal wages and 8 per cent rise in real wages. By then union leaders were openly cynical of their ability to influence policy through these meetings, and anxious to stress that "concerted action" had not effect

on their bargaining strategies. Herr Helmut Schmidt who displaced Prof. Karl Schiller as Economics Minister in 1972, and afterwards became Chancellor, was much less committed to the whole idea. Expectations pleadings, the estimate being was entitled to say whether he were lowered and meetings became routine.

The authors of the studywho had full access to the TUC and DGB and are obviously They told the Portuguese sympathetic to union aims— worker now back in his home sympathetic to union aimsattribute the "fairly successful German adjustment to the economic recession and inflation If the man agreed to stop his the mid-1970s" to "a combination of government, monetary and fiscal policies with a fairly centralised structure of collective bargaining and a high degree of consensus on the distribution of income." Two points arise. First, one must be careful of jumping

from the "concerted action" to "centralised trade union wage structure" as an alternative panacea. It is all too easy to envisage how pay centralisation in countries other than Germany might obstruct rather than encourage the adjustment of wages to market realities. Secondly, quite indepen-dently of any tripartite forum,

the German Government is required by law to provide economic "orientation data" which quite often includes a low key pay norm. One can argue about whether this does any good; but in countries with different habits a low norm would be ignored, and a realistic one would be taken as a minimum, actually forcing up settlements.

Certainly British Ministers should talk and argue in a less up-tight way with union leaders. But looking for tripartite institutions to bring down wage settlements is just another example of a quest for

5.55 Nationwide (London and

South East only).

Contingency fees have no appeal in England

offered a large amount of money

than another. At least the suf-

tion of knowing that his claim

is that he gets paid the fee if he continue his English action. wins but gets nothing if the case the financing of litigation was never more starkly illustrated English eyes. than in a case last week before

the Court of Appeal. (UK) Ltd.* a Portuguese worker champertous agreement who had been rendered a affront to a just and right quadriplegic in an accident on a procedure. North Sea oil rig started an action in this country and against his employers, a multi- adversary into court and pronational company. The company admitted liability but contested the amount of damages. Interim payments of £27.250 were made in the course of the written ter of the litigation; the court

On to the scene came a firm of lawyers from Houston, Texas. land, that they could get him \$5m from the American courts. English proceedings and make sign a power of attorney providing for the lawyers' reward wreck the right to seek mone- spill over into a jurisdiction given to any agreement by in winning their cases and

that the claim was worth about

£150,000.

a lawyer is remunerated on the the Court of Appeal was misfortune was the better offbasis of a contingency fee-that whether the worker could dis-

The English solicitors served is lost. An agreement by which a notice of discontinuance, but the lawyer receives a cut of the Mr. Justice Parker not only proceeds of litigation has always struck out the notice so that the been regarded as champertous English action remained in and unenforceable. But other being, but also granted an countries, notably the United injunction restraining the States, have permitted their worker from launching the prolawyers to earn their fees by ceedings in the United States. American lawyers had agreed risters exercise their indepen- one important reservation. taking a percentage of any Evidently the judge felt strongly money awarded by the courts. that the bargain struck with the This divergency in approach to American lawyers was grossly improper and offensive to

In the Court of Appeal he was supported by Lord Denning In Castanno v. Brown & Root who, dissenting, found the

Once a litigant had embarked

upon action bringing his ceeded in the action to a point of no return, Lord Denning thought that the plaintiff could no longer be the complete masmight change tack, and if so, under what -conditions. But Lords Justices Shaw and Brandon did not agree:

Their approach was essentially pragmatic: The case was a matter of money, not of morality. No amount of money could ever compensate someone so devastatingly injured.

set by the fortuitous circumsion of American lawyers'

stance that one jurisdiction habits intto our courts appeared by the Law Commission, Partroublesome. Counsel appear- liament abolished criminal and ing for the worker were in civil liabilities for champerty ferer would have the satisfac- effect receiving their instruc- and maintenance-champerty is tions from the Texas lawyers a species of maintenance which would augment the family's who pronounced what they forbade anybody sponsoring gency fees. financial prospects. Provided thought would be awarded to another's litigation in which the A chent that the interim payment of the worker. Could, in those former had no interest. But the £27,500 were repaid (which the circumstances, the English bar 1967 Criminal Law Act made to do out of their own pockets) dent judgment whether discon- stated, that abolition of the

THE WEEK IN THE COURTS

BY JUSTINIAN

continue his proceedings in Texas and be permitted to discontinue his English action.

Shamed no doubt by the comparatively low level of damages for personal injuries in this country (Scotland awards even lower damagers) the majority of the Court conceded the worker's right to pick and the American lawyers would the maximum compensation.

the worker should be allowed to tinuance of the English action was in their client's best interests? And in accepting the American lawyers' view were they not indirectly becoming parties to a Champertous agreement?

The crucial question whether the system of contin- allowing a contingency fee sysgency fees is so objectionable that we should continue to re- enable ordinary people, who ject it to supplement legal aid. would not otherwise be able to choose his forum and when it suited him. The fact that out of any enhanced award in Texas judges in the 19th century to sustain the poor, and the rich reject champertous agreements make large, if not inordinate has long been endorsed by Par the middle classes are not poor pickings did not detract from liament. In a series of Solicitors enough to qualify for legal aid. the worker's right to search for Acts from 1870 to 1974 solici- nor insufficiently affluent to Royal Commission concluded tors may make any agreement risk th cost of legal proceedings. Whatever theapproach of Eng- with their clients as to their Who could deny someone who lish law to champertous agree remuneration, with one ex- accepted work on a contingen-had been reduced to a human ments, that attitude should not pressed exception. No validity is gency basis would have a stake

ENGLISH LAW has never sanc- of 40 per cent of the damakes tary amends in the most favour- that sanctions this method of which a solicitor stipulates for would, therefore, be more companient by which recovered. The question before able environment possible. His financing litigation. But one aspect of the lotru- success in legal proceedings. paration and presentation of the In 1967, following proposals case.

Τt

champerty and maintenance

law as to the cases in which a

trary to public policy or other-

gency fee system to operate was

Appeal in 1975 in the famous

An attempt to argue that this

wise illegal."

Kurt Wallersteiner.

shall not affect any rule of

The Royal Commission on Legal Services found that the overwhelming weight of evidence it received was opposed

to the introduction of contin-

ان اداد

Br

A client might lose by the arrangement in two ways. A proportion often substantial if the Castonho case is anything to stated, that abolition of the go by of any damages criminal and civil liability of recovered goes into the lawyer's pocket, and since the lawyer pays all the costs of the case in return for this proportion of the contract is to be treated as con-damages he would be exposed to the strong temptation to settle the claim before incurring the heavy expense of preparing for effectively allowed the contin- trial; the client thus would be at the lawyer's mercy and might firmly rejected by the Court of have to settle for less than he ought to get. Alternatively, the client, having nothing to lose, might insist on pursuing a hope-

proceedings brought single handedly by Mr. Moir against less or irresponsible claim in the The argument in favour of faint hope of getting something. The Commissioners regarded these fears as enough to reco-m tem is that such fees would mend against a system of this type which they thought would not work well in this country where parties to litigation recover their costs if they win. can look after themselves: but (In America, each party bears his own costs regardless of the that such a system would bene-Lawyers, it is claimed, who fit only a limited class of litigants and would reward some lawyers disproportionately.
* The Times Law Report, April 22, 1980.

Nureyev favoured in 2,000 gns.

Willie Carson was far from

Medical Greenham at Newbury Evita has achieved far more in

more than most of his opponents. the filly's classic at 9-2 while

his mount in the Clerical and

The outspoken former champion

has somewhat qualified his en-

thusiasm for Known Fact's prospect-he originally commented:

Guineas," he new states: "Don't

worry we'll be in the frame."

Confidence is growing at Beck

This one will win the 2,000

TWO THOUSAND GUINEAS believe Known Fact will be the general consensus of opiniondwindled to sketchy support for just two horses-Nureyev and disappointed by the showing of Sr. Johnathan and predictably these two are consolidating their position at the head of the and was subsequently quick to public than her much vaunted market, while the remainder, point out that the Jeremy Tree- stable companion trained colt needed the run far Saison hits the

RACING BY DOMINIC WIGAN

with the exception of Night Alert and World Leader, are on the drift.

The market reads: 5-4 Nureyev, 6-1 St. Johnathan, 12-1 Final Straw and Night Alert, 14—1 World Leader, Posse and Tyrnavos, 20-1 Known Fact. 33-1 Star Way, Swift Image and Tauran, 40-1 Abington and Highest Bidder, and 100—1 Widd. It is unlikely to undergo any significant changes by Saturday. However, if we are to see a move for one of those colts I

hampton. Known Fact, a good looking bay son of In Reality, has been showing great zest in recent work with other threeyear-old inmates of Tree's Berkshire stable, and it has not gone

Prey,"

Although Joe Mercer has fulfilled expectations by plumping for Saison in the 1,000 guineas on Thursday, the

11.30 Monday Film: "Birds Of

12.55 am Close: Personal choice

with Bernard Hepton.

All IBA Regions as London

1.25 pm Anglia News. 2.00 Money-

except at the following times:--

ANGLIA

"The Exile," starring Douglas Fair-banks Jr. 5.15 University Challenge. 5.00 About Anglia. 6.30 Survival. 11.30 Monday Late Film: "Perilous Voyage." 1.10 am Reflection.

ATV
1.20 pm ATV Newsdesk. 2.00 Money-Go-Round. 2.30 The Monday Matines: "Don't Reise The Bridge Lower The River." starring Terry-Thomas, Jerry Lawis and Bernard Cribbins. 5.15 A Sharpe Inteke of Breath. 6.00 ATV Today. 11.30 'ATV Newsdesk. 11.35 Midlands Soccer Player of the Season. 12.20 am Something Different.

BORDER

1.20 pm Border News. 2.00 MoneyGo-Round. 12.30 Monday Matinee:
"Carnival." starring Sally Gray and
Michael Wilding. 5.15 University Challenge. 6.00 Lookaround Monday. 6.10
About the Garden. 6.20 Out of Town.
6.50 PPB by the SNP. 11.30 Monday
Movietimo: "Assault." starring Suzy
Kendall. 1.05 am Border News
Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 2.00 Money-Go-Round. 2.30 The Monday Matthee: "Do You Take This Stranger?" 4.12 Puffin's Birthday

Stranger 4-12 rumn a britody Greetings. 5-15 University Challenge, 6-00 Channel News. 6-10 Operation Handflint. 11-30 Luke's Kingdom. 12-25 am Naws and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 Money-Go-Round. 12.30 Monday Matines: "Moment Of Denger," statring Trevor Howard. Dorothy Dandridge and Edmund Purdom. 5.15 University Challenge. 6.00

North Tonight and Area Weather Fore-cast. 6.35 Country Focus. 6.55 Party Political Broadcast by the Scottish National Party. 11.30 Reflections, 11.35 The Naw Avengers. 12.30 am North

GRANADA

1.20 pm Granada Reports. 2.00 Money - Go - Round. 2.30 Monday Matinee: Rex Harrison in Blithe Sourit." 5.15 The Roll Harris Show. 6.00 Granada Reports. 6.30 This is Your Right. 11.30 The Late Film: Glann Food in Day Of The Syd Gran

'Day Of The Evil Gun.'

1.20 pm Report West Headlines. 2.00 a Mystery.

HTV

starring David

Our Hope and Millingdale Millie: 9-1 Firyal and Mrs. Penny: and 12-1 Quick as Lightening.

certainly among the racing

fraternity—is that he might

have been better advised to

stick by the proven Evita.

Saison hits the betting on

other prices read 5-1 Evita; 8-1

2.00-Alpine Damsel 2.30-Royal Blood*** 3.00—Graf Metternich 3.30—Genealogy** 4.00—Sandford Rose

BATH

4.30-New Jerusalem* WOLVERHAMPTON 2.15—Etesian

2.45—Leiko . 3.15—Taryn

Here Today. 12.30 The Monday Matines

SCOTTISH

1.20 pm News and Road and Wasther. 2.00 Money-Go-Round. 2.30 Monday Matines: "Exoman." 5.15 Little Vic. 6.00 Scotland Today. 6.40

Crimedesk. 6.55 A Party Political Broadcast by the Scottish National

SOUTHERN

1.20 pm Southern News. 2.00 Money-Go-Round. 2.30 "Something For A Lonely Man," starring Dan Blocker. 5.15 You're Only Young Twice. 5.00 Day By Day, including Southsport.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 1.20 pm North-East News and Lookaround. 2.00 Money-Go-Round. 2.30 Monday Matinee: "So Long At The Fair," starring Jean Simmons and Dir kBooarde.5.15 Mork

and Mindy, 6.00 North-East News Head-Ines, 6.02 Play It Again, 6.25 Northern Life 11.30 Northern Report, 12.00 Barney Miller, 12.30 am Epilogue,

ULSTER

1.20 pm Lunchtime. 2.00 Against the Wind. 2.30 Monday Matines: "Don't Reise The Bridge Lower The River," starring Jerry Lewis and Terry Thomas. 4.13 Ulster News Headlines. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.30 The Odd Couple. 12.00 Gerdening Today. 12.30 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.00 Money-Go-Round, 2.30 The Monday Matinae: "Do You Take This

Wonday wellnes: Oo fou laws finis Stranger? "starring Gene Barry. 4.12 Gus Honeybun's Birthdays. 5.15 University Challenge. 6.00 Westward Diary. 10.28 Westward Late News and Westher. 11.30 Luke's Kingdom. 12.24 am Faith For Life. 12.30 West Country Weether and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.00 Money-Go-Round. 12.30 Monday Matines: "Busman's Honeymoon." starring Robert Montgomery and Constance Cummings. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Chips. 11.30 Kata Loves

Party. 11.30 Late Call.

3.45-Falkland Palace

Here Today. 12.30 The Monday Matines:
"No Highway." starring James Stawart
and Marlens Dietrich. 5.15 Sam. 6.00
Report West. 10.35 Soccer Special.
11.30 Soap. 12.00 George Hamilton IV.
HTV Cymru/Wales—As HTV West/
General Service sxcept: 10.05-10.20 am
ABC. 12.00-12.10 pm Trehetrau. 1.20
Panawdau Newyddion Y Dydd. 1.251.30 Report Weles Headlines. 2.00-2.30
Hamdden. 4.45-5.15 Ser. 6.00 Y Dydd.
6.25-7.00 Report Weles. 8.30-9.00 Yr
Wythnos.

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Parties 01-579 6061. Mon-Fri 8.00. Wed
5.00. Sat 5.00 & 8.15. Wed mats is price
MICHAEL GOUGH, PHYLLIS CALVERIN
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Directed by TOM CONTI.

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Prevs 8.9 May at 8 pm. 10 May 5 & 8.0
OPENS 12 May 7 pm. Subs evos. 8.0.
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POLLY JAMES in a lavish production
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KINGS HEAD. 01-226 1916. Prevs from Wed. Dnr. 7. Show 8 (opens 7 May. Dnr. 6.30. Show 7.30) QUARTET by Ronald

6.30. Show 7.30) QUARTET by Ronald Mayor.

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Press Ton't 7.30. Opens Tomor at 7. Subseves 7.30. Saits 5 & 8.15. Noel Coward's HAY FEVER. Cast includes Constance Cummings & John Le McSuricr.

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OPENS THE 8. Subseves 8. Sat 8.30

Subsection 1. Subseves 8. Sat 8.30

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Ring 01-836 2699 (24 hr service) for brochere.

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10 Sat Eves 7.30. Mat Sat 2.30. Contemporary Dance Company from Japan.
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ASTORIA. CC. S. 01-734 4291. 01-439 8031. 01-734 4369. Mon. to Thurs. 8.00. Frl. and Sat. 6.10 and 8.50. IPT TOMBI. Sth GREAT YEAR. Lowest priced musical in the West End. Seats £2, £3, £4. £5. Reduced rate Group Bookings 01-839 3092 (special offers).

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Thur. Mats. 3.00. MARIA AITKEN.

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GARRICK, CC. 01-835 4801. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30 WILLIAM FRANKLYN IN DEATHTRAP. GLOSE THEATRE. S. CC. 01-427 1592.
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In a new play by Peter Nichols BORN
IN THE GARDENS. OVER 100 PERFORMANCES. GREENWICH THEATRE. S. CC. 658 7755. Evenings 8.00. Mat. Sals. 2.30, NEXT TIME I'LL SING TO YOU by James Saunders.

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Keith Michell, Julia McKenzie. Mark
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3. Sat. 4.

THEATRES:

THE OLD VIC. 928 7616. Youth Theatre April 21-25, OUT OF FOCUS April 21 and 22 at 7:30 pm. April 23 at 230 and 7:39 pm. THE MERCHANT OF VENICE April 24 and 25 at 7:30 pm. April 26 at 2:30 and 7:30 pm. OPEN AIR REGENT'S PARK, CC. S. 486
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†Indicates programme in

(Ultra high frequency only). 9.52 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 3.15 Songs of Praise from Portstewart, Northern Ireland. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Cheggers Plays Pop. 4.40 God-

leges. 12.45 pm Midday News. 1.00 Peble Mill at One. 1.45 Over the Moon. 2.01 For Schools, Col-

zilia. 5.00 John Craven's News-round. 5.05 Blue Peter. 5.35

6.20 Nationwide. 6.55 Ask the Family. 7.20 The Dukes of Hazzard. 8.10 Panorama, including inter-9.00 News.

> .20 Bellamy's Europe. as follows:

Burt Lancaster.

11.50 Weather/Regional News.

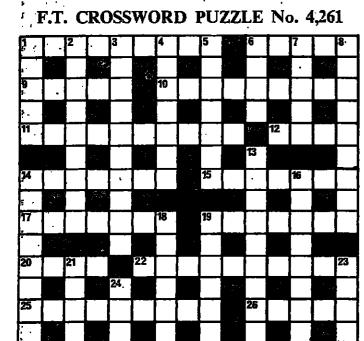
Scotland-12.40-12.45 pm The tical Broadcast by the Scottish National Party. 6.25 Join BBC-1 (Nationwide). 11.50 News and

Cymru/Wales - 1.45-2.00 pm

All Regions as BBC-1 except

Pili Pala. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.50 News and Weather for Wales. Scottish News. 5.55 Reporting Scotland. 6.20-6.25 A Party Poli-

Captain Pugwash. 5.40 News. Weather for Scotland.



ACROSS 1 Empty, sick inside and 6 Sober way to help (5)

9 Wrinkled as clothing may be

10 Eats in rows and pande-

monium (9) 11 Prepare soldier as protector of old cyclist's clothing (5-5) 12 Tale that's frequently spun

14 Began again to total in a rush (7) 15 Imbue the French spire (7) 17 Airman left in deep mud? It's a wonder! (7) 19 Able to pay all debts and

26 Page a party (4) 22 Star sounds almost like what Indians produce by chewing 25 Urgent meaning to worker

explain book (7)

27 Not going to church but nick 28 Buffeonery making Arab produce music (9) DOWN

26 I pry around in row (5)

2 Swindle stupid leader of racketeers that's capable of taking charge (9) 3 Flower in woman's overall

> beach (7) 5 In the direction of notice in hospital (7) 6 Clothes to fit and please (4) 7 Ring that may be square (5) 8 Little Sidney turning up in underwear or undress (9)

A place for football on the

13 Information brought up over nice leg broken for want of proper care (10) 14 Forgiveness for soldiers on military operation (9) 16 Preliminary pillar due to be re-designed (9)

19 Loud-voiced person producing gun on hill (7) 21 Drank up in storehouse (5) 23 Each of a number, the night before a festival, joins the extremes of revelry (5) 24 Roguish part of popular chorus (4)

The solution to last Saturday's

prize puzzle will be published

18 Look at whip that's made of

hair (?)

1 State cover is legally ade with names of winners next

Northern Ireland-3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern

Ireland. England-5.55-6.20 pm Look view with Richard Nixon. East (Norwich); Look North (Leeds, Newcastle); Look North-9.25 The Monday Film: "The west (Manchester); Midlands To-Midnight Man," starring day (Birmingham); Points West (Bristol); South Today (South-

ampton); Spotlight South West (Plymouth). BBC 2 6.40-7.55 am Open University. 11.00 Play School.

3.10 pm Snooker: Embassy World Professional Championship, 4.50 Open University. 6.55 Snooker. 7.20 Mid-Evening News includ-

in sub-titles. 7.30 Cantilena. 8.10 The Waltons. 9.00 Not the Nine O'clock

9.25 Feelifax by Jim Hawkins. 10.05 Snooker highlights. 10.45 Newsnight. 11.20 Snooker. 11.45 Russian - Language and

BBC-2 Scotland only-6.55 pm

People.

Party Political Broadcast by the Scottish National Party. 7.00 Join BBC-2 (Snooker). LONDON 9.30 am Schools Programmes. 10.20 Untamed Frontier. 10.43 Schools (continued). 12.00 Choriton and the Wheelies. 12.10 pm Rainbow. 12.30 One Step Ahead. 1.00 News, plus FT Index.

1.20 Thames News. 1.30 About Britain. 2.00 Against the Wind. 2.30 Monday Matinee: "House Of Secrets." 4.15 Clapperboard. 1.45 Enid Blyton's Famous Five. 5.15 Money-Go-Round.

6.35 Crossroads. 7.30 Coronation Street. 8.00 Young at Heart. 8.30 World in Action. 9.00 Fox.

10.30 Soccer Special.

6.00 Thames News.

5.45 News.

RADIO 1 (S) Stareophonic broadcast

† Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee
Travis. 9.00 Simon Bates. 11.31 Paul
Burnett. 2.00 pm Andy Peebles. 4.31
Kid Jensen. 7.00 Stayın' Aliva. 8.00
Mike R aad. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2. VHF Radios 1 and 2-5.00 am With

RADIO 2 5.00 am News Summary. 5.03 Ray Maora (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause For Thought and 9.03 Favourite Five Singles. 10.03 Jimmy Young (S). Five Singles. 10.03 Jimmy Young. (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Weggoners' Walk. 5.20 Much More Music (S). 5.55 Party Political Broadcast by the Lebour Party. 6.03 John Dunn (S). 18.02-9.40 Soccer Special. 9.55 Sports Desk. 10.02 The Monday Movie Quiz. 10.30 Star Sound. 11.02 Peter Clayton with Round Midnight, Including 12.00 News. 2.02-5.00 am You and the Night end the Music (S).

46.55 am Weather. 7.00 News. 7.05 Overtura (S). 8.00 News. 2.05 Marning Concert (S). 9.00 News. 9.05 This Week's Composer: Mozert (S). 10.00 The Gibbons Family (S). 11.00

RADIO 3

Radio 2. 8.02 pm Folk on 2 (5). 9.02 Humphrey Lyttleton with The Best of Jazz on records (S). 19.00 With Radio 1. 12.00-5.00 am With Radio 2.

11.30 Intergal Reading. 11.35 Concert. part 2, 1.00 pm News, 1.05 BBC Lunchtime Concert (S). 2.15 Christo-pher Headington: 50th Birthday Tribute pher Headington: 50th Birthday Tribute (S). 2.45 Matinee Musicale (S). 3.45 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Islam and Politics Today (talk by Professor Elle Kedourie). 7.30 A Radio Concert from Brussel, part 1: Liszt, Reger, Zemlinsky (S). 8.40 Where Law and Order Start (S). 3.40 worse Law and Order Stati (first of two tells by R. A. Hodgkin). 9.00 Concert, part 2: Reger (S). 9.40 No Place for a Lady by Betty Caplen (reading). 10.00 Hemish Milne plano recitel (S). 10.45 Henri Dutilleux (S). 11.25 Jazz in Britein (S). 11.55-12.00 News. VHF only-6.00-7.00 am and 6.20-RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. Today at the EEC Summit inclu-Today at the EEC Summit, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Head-lines; and 7.45 Thought for the Day; 8.35 The Week on 4. 8.45 Patrick Moore with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Money Box. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 The Countryalde in Spring. 11.50 Poetry Please I (\$), 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1930 (\$). 12.55 Weather; programme You and Yours. 12.27 Brain of British 1980 (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Warmen's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Alternoon Theatre (S). 4.45 Short

Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The 27-year Itch (S). 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday Play (S). 9.05 Through My Window. 9.30 Kaleidoscope, 9.59 Wasther. 10.00 The World Zonich. The Monday Play (S). 9.05 Through My Window. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Conversation Piece. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 17.30 Today in Parliament. 12.00 News. BBC Radio London 5.00 am As Redio 2. - 6.30 Resh Hour. 10.03 The Robbie Vincent Telephone Programme, 1.03 pm London Live, 3.03 John Toogood's Showcass, 4.30 London News Desk, 5.35 Look, Stop, Listen, 7.03 Black Londoners, 8.00

Question Time from the House of Commons. 9.00-5.00 am Join Radio 2. London Broadcasting 6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes in Luxemburg. 12.00 LBC Reports. in Luxemburg. 12.00 Brian Mayes.

8.00 pm After Eight Special: Brian Hayes sums up the EEC summit meeting. 9.00 Nighdine with Jimmy Grows.

12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music. Capital Radio 6.00 am Graham Done's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cesh (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott

by Arthur Miller.
COTTESLOE (small auditorium—ali the S.3. Student standby £1.20). Ton't more a sandby £1.20. Ton't public season for a sandby for eri ali a theatres. Car park. Restaurant £1.20. 2033. Credit card bkgs.

928 3052. (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Alam "Fluit" Fraeman (S). 11.00

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THE ARTS

Bristol Old Vic

Bristol cream

by B. A. YOUNG

successful five year incumbency as artistic director of the people who speak them, Bristol Old Vic. with a fascinat-Old Vic Theatre School)

Marlowe's account of the the sinister machinations of and will come home and Annie Mortimer to win both Queen was engaged to him. Moreover, great pace on a metal grid with McMurray is the designer). breath. The players wear grey played by 14 actors with little attempt at disguise: the lines say clearly enough who is who. play.

In fact, Mr. Cottrell has taken advantage of his small company to produce some savage ironies by introducing familiar faces. Edward thinks he recognises Gaveston in the person of a labourer as he is led away to captivity; later one of the soldiers guarding him at Killingworth is the double of Gaveston's successor Spencer. Most save of all, Clive Wood who plays Gaveston, also plays Lightborn, Vice punishing vice in a very explicit rendering of the King's horrible execution.

There is no camp about this homosexual relationship. Both Gaveston and Robert 'O'Maboney's King are tough young fighters as tough as Achilles and Patroclus whatever their private amusements. Stuart Wilson gives a first-class Mortimer growing visibly more wicked as his schemes reach fruition: and Meg Davies is fine as Queen Isabella miving regal dignity with sexual weakness. The speaking of the verse is admirable by the whole com-

Royal, Arthur Miller sets him- Wednesday, April 30 to May 3, self to write a play as starting at 7.30 pm. untheatrical as possible." Any The producer will

- Car

41.25

Richard Cottrell crowns his of speech" are there, but they are properly attributable to the

On the other hand, he sets ing Edward II at the New Vic. himself a mighthy theatrical the small studio theatre. (He situation to work on. Young will be succeeded as artistic Chris, heir to his father Joe director by John David, a Keller's engineering works, former student at the Bristol wants to marry Annie Deever. But Chris's mother believes that his elder brother Larry, reported King's affair with Gaveston and missing in the war, is still alive and Kingdom is played at a Annie's father, formerly old Joe's father, is in jail for having the audience all round (John sold 40 cylinder heads to the McMurray is the designer). U.S. Air Force and there is a Scene chaes scene on the stage suspicion that it was Joe's fault with never a pause for not his partner's. No one can breath. The players wear grey say there is anything unidentify the characters, a genuinely Elizabethan procedure. Twenty seven may be readily forgiven since his failure gives us an exciting

> It is admirably acted on John Elvery's naturalistic garden scene with the Keller's pretty clapboard house upstage. David Waller thunders out his belief that dishonesty may be accepted if it helps to hand on a goodly heritage to his son and Terence Wilton puts Chris's case for morality with an appropriate lack of restraint. Louise Jameson as Annie and June Barrie as Chris's mother provide similarly opposed views from the distaff side. John Dove is the

Leonard Rossiter's name somehow drops out of the sentence in which I praised his performance in Make and Break on Saturday. Let me praise it again now; Leonard Rossiter as John Garrard is outstandingly good even if not, apparently, unforgettable.

'Nabucco' at Bristol

The Bristol Opera Company is to present Verdi's Nabucco any. (in English) at the Victoria In All My Sons, at the Theatre Rooms Theatre, Clifton, from

The producer will be Andrew thing suggesting a creative Shore who has taken leading artists was to be removed from singing roles with Opera for the script. As far as dialogue All and Kent Opera as well as and characterisation are con-being involved in the procerned he has managed; the duction side with various "metaphors images and figures companies.



Meg Davies and Stuart Wilson in 'Edward II"

The Soho Housing Association

by GILLIAN DARLEY

IT COMES as a surprise to discover within a couple of hundred yards of Piccadilly Circus tenement blocks without bathrooms. Similarly, it is surprising to learn that no new or renovated family housing has been provided in Soho by the council (Westminster) since the war. Clearly there was work to be done and the Soho Society grasped the nettle in 1973 with a co-ownership project; this is turn became a fair rent housing association, the Soho Housing Association, which has at the moment projects costing £2.5m at every stage from complete to outline schemes.

There is special housing need in Soho. Despite its more infamous trades, 50 per cent of exports in the Westminster area are from Soho and 25 per cent of manufacturing industry in the borough is in this small square. It is no dying inner city area but a thriving core; equally the restaurant and theatre trade employ large numbers of people who must live on the spot. Increasingly. as evening public transport contracts, it is essential to their jobs. A very large number of the Housing Association tenants are Italians which leads to unusually strong family ties and a high incidence of multigeneration households.

The first project to be com-pleted in the programme of works for the Housing Association was the rehabilitation of sturdy mansion block in Meard Street. It was opened by Prince Philip, in February. Architects Peter Mishcon and Associates ingeniously adapted the 12 sub-standard flate (again dards, for remarkably low cost. even managed around the chimney stacks, and housing.

Wigmore Hall

advantage taken of such roofs in New York or any Milian city it is curious to look out over the Soho rofscape (which affords marvellous views on every point of the compass) and see how little exploited this area remains. The Royalty Mansions playground is the first for small children in Soho.
The Housing Association has

under way an ambitjous phased

scheme for a block bounded by

Brewer Street and Archer Street; from the present 140 desperately sub-standard units, 68 will emerge (and another roof garden). Westwood Piet Poole and Smart, architects for this scheme are demolishing one inner block to provide open space and better daylighting for the remaining blocks. Pronounced unfit some years ago by the council, they turn out to be robust buildings eminently suitable for adaptation. An attractive feature is a series of glazed balconies which will be restored. There are problems in carrying out works on such a constricted site (especially demolition) but "superb" contractors have leapt many of these hurdles. For the Housing Association the principle problem is the complex one of decanting tenants; however, on the whole, they are remarkably co-operative and resilient to hitches and temporary discomfort.

The third scheme "on the ground," a mixture of new housing in a terrace of Bridle Lane (taking up some of the housing loss on the former scheme) and rehabilitation of listed 1720s housing in Great Pulteney Street is being carried out by no bathrooms) to high stan- Feilden and Mawson. The latter is undoubtedly the trickiest; to adaptation of early Georgian incorporate a toddler's play-houses with much of their ground on the roof. This bene-interiors intact, to small flat and fits from clever touches such maisonette units is, with the as the dual use of the fire best will in the world, awkward, escape stair as a slide, the seat- expensive and difficult toreconing for watching adults wrapped cile with the character of the

plenty of planting areas so that Two of the houses are finished the place is a promising roof and phase two now under way, Two of the houses are finished garden as well. Given the has benefited from the experi- tion is a body working along moment.

sion of 'L'alta belleza' which

The second half was devoted

using common melodic material

cal evolution of musical styles:

The concert concluded with

a selection of partsongs by

Obrecht, Isaac, Pierre de la Rue

and Compère which illustrated the verve and humour of which

Syntagma Musicum

by FRANK DOBBINS

A large audience greeted the natural for the mezzo-soprano. Amsterdam group's Wigmore They achieved a delightful, Amsterdam group's Wigmore
Hall concert on Thursday night
and were rewarded with a fine
performance of 15th and 16th

sweetness in the eloquent

century motels and partsongs by setting of Petrach's 'Vergine Dufay and some of his succes- bella.' Complex melismas and

sors. The success stemmed cross-rhythms offered them no principally from the vocal problems in the sparkling ver-

skills of Rita Dams and Marius concluded the first half of the

generally coordinated the poly- principally to four settings of phonic lines of the music with "Alma redemptoris mater," all

sackbut and bass viol which and representing a chronologi-

accompanied the vocal duo in the first anonymous version

the opening double motet byl dating from the early 15th-

Dufay may not represent an century included English tropes,

entriely authentic combination, the second reflected the artistry but they provided an admirable of another English composer

foil to the lucid lines of the John Dunstable, who exerted a

vocal duo. The flute and re- considerable influence on Dufay

corders which joined in other whose richer harmonies were motets and chansons by the excelled by those of his Flemish

ing and rhythmic accuracy are the Dutch are sometimes cap-

all essential for the complex able. Newsidler's rather dull

lines of Dufray's music to and mechanical transcription of combine effectively. The singers Tandernaken at last offered the

possessed these qualities in lutenist an opportunity to dis-

abundance and their perform-ances were consistently dis-tinguished even in the Lament chanson "Alons qui nous fait

for the fall of Constantinople barbe" provided a fitting and

where the low tessitura of the spirited conclusion for the wind

same composer were less im- successor Josquin.

top part could hardly have been and voices.

van Altena supported by an programme.

instrumental quintet which

phonic lines of the music with

clarity and equilibrium. The

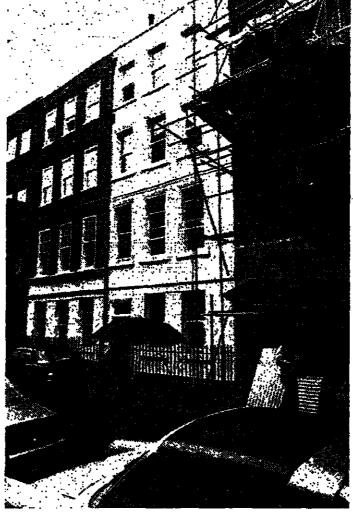
pressive and the three crum-

norms which played alone in

'Hėlas et quant vous veray"

Good intonation, lucid phras-

were painfully ill-tuned.



Georgian houses in Great Pulteney Street

ence. Yet with no Clerk of with the housing association to Works on site there have been find some answers. mistakes and accidents to irreplaceable fittings and while some rooms have retained their the air" require enormous proportions and characters, expenditure of time and effort others have gone.

Listed buildings special problems and allow for able burden; Housing Corspecial solutions and there needs to be much more research into this area, exchange of between architects practised in dividuals involved, that the task such work. Other schemes that the Soho Housing Association is Soho is eminently worthwhile drawing up include two mixed and, in the long run, very satisuse projects. The resolution fying. It all gives the overof this complex position is worked phrase "inner city" a crucial development and the Inner City seem few. enough cheerful

All schemes, those on the

ground and those, as yet, "in from everybody concerned. The architects shoulder a consider poration finance is limited, the technical problems considerwith more able. However it becomes information clear, talking to the many inof reviving the housing stock of to central urban novel ring of optimism - there

Book of the Year Award

award will be made at this Book of the Year will not be year's Whitbread Literary decided until the day of presen-Awards, increasing the prize money to a total of £10,000 from November," a Whith is normally in November," a Whithread spokes-

The authors in the three cateof the Year.

"The author will receive a Telegraph.

Bursary scheme for piano tuner/technicians The Arts Council is again to trainee with personal costs.

finance an advanced training scheme for piano tuner/technicians wishing to work in the specialist field of concert performances. For the second time Steinway and Sons bave offered to provide the year's training free of charge and the Arts Council will provide a bursary to help the selected

Bicentennial fellowships

The five British candidate who have been awarded fellowships under the United Kingdom/United States Bicentennial Fellowships scheme, now in its fifth year, are Tony Longson, Philip Martin, Snoo Wilson, Sinclair and Patrick Clive

The fellowships which are worth £9,720, provide for the exchange of up to five Britains and five Americans annually in (2nd prize, £1,000 the creative and performed arts. Buchanan, baritone.

TENNIS BY JOHN BARRETT

A new "Book of the Year" further award of £2,500 and the

Judges for the 1980 awards, The authors in the three categories of "Best Book," "Best Biography or Autobiography" and "Best Children's Book" Whitbread Award winner. John will each receive £2,500 and, in addition, one of these three winwhich are ten years old this books and Nicholas Baguali literary editor of the Sunday

Closing date for entries is Friday, May 30. The scheme is open to all tuner / technicians. those who see about to complete

full-time training course: applicants seeking belp for basic training will not be considered. The first bursary was awarded to Martin Locke in 1979.

Ferrier Memorial Scholarship prizes

The finals of the Kathleen Ferrier Memorial Scholarship (celebrating this year its 25th anniversary) took place at the Wigmore Hall last Friday, in the presence of the Duchess of

The adjudicators were Bruce Boyce, Joan Chissell, Sir Keith Falkner, Alfreda Hodgson and Dr. Gerald Moore, chairman of the panel, who announced the following results: Kathleen Ferrier Prize (1st prize, £2,000): Penelope Walker, contralto: Decca-Kthleen Ferrier Prize (2nd prize, £1,000): Stewart Wigmore Hall

Ann Woodward

by ANDREW CLEMENTS

School. Ann Woodward made valuable: works by contemporary American composers, all but one of them (Ernest Bioch) still composing.

But enterprise and crusading zeal are not always well rewarded. Although there was ample proof that Miss Wood-ward is an accomplished and intelligent player (if prone to moments of insecurity) the content of her recital was too uniform for comfortable assimi-The curious brand of rehashed romanticism that informs the music of so many of the older generation of American composers — represented here by Ross Lee Finney and George Rochberg—falls too easily on the ear: the sound events are grateful enough, but undemanding.

particularly hard to accept. We on the rest of Saturday afterneard the British premiere of noon's programme.

graduate of the Curtis his Viala Sonata, written last Institute and the Yale Music year, and tawdry stuff it was, with an exceptionally mawkish her London debut on Saturday central Adagio. Finney studied first with Nadia Boulanger and afternoon at the Wigmore Hall. later with Alban Berg an un-Violists do not have an extensive likely succession of teachers. choice of material for solo He is an earnest seeker after recitals, but even so Miss Wood. fusions of tonal working and ward's selection was bold and serial techniques, though in his second viola sonata of 1953, the product seems routinely characterised lyricism.

What positive shapes there were in this recital had been offered first. Elliott Carter's Pastorale is not especially suftable as an opener; its writing is too dense and the demands made of the viola too unidiomatic to create the most favourable impression. Yet its fertility seems endless; the rhythmic variety, and sudden changes of gear and mood chafe against the modal ambitions of the first melody. It demonstrates the dilemma of Carter's music in the 1940s quite precisely, that opposite pulls of creating a popular music and of writing the music that expressed what he wants to express. But out Rochberg's latter-day conver- of the tension a taut essay sion from thorny serialist to emerges, and its obvious talent soft-centred Mahlerite seems cast a very unfavourable light

Julia Cload

by DAVID MURRAY

Miss Cload's piano recital on saving rhythmic vitality. The Friday proved interesting be- E-flat Sonata is a comic work; yound her programme of fami- this anti-inflationery treatment liar masterworks. She searched succeeded charmingly, like a into them—even on occasion joke which had found just the worried at them—with dedicated right deadpan delivery. intensity, and a quite personal Always in her particular form of keyboard address, style, she took up the D minor Above all she prized her rests: Fantasia, K. 397, of Mozart with portentous silences, but simply the points all very good performances of where phrases end, which she the Fantasia, this one suggested marked as if with a didactic that Mozart's expressive material pencil. No simple fadeaway, no was constantly in danger of expedal-wake behind, always a ploding its modest formal case: clean cut. The effect was not In Schumann's Fantasy in Cdry, but it gave a special insu- which is not formally modest or lated significance phrase. In the Bach Chromatic microscopic concentration be Fantasv assumed that this was Miss work took some 36 minutes, not Cload's way of rendering the because her basic tempi were harpsichord rhetoric for the unduly slow, but because of her piano—and very striking too, anxiety to plumb the signifiance fixing the attention on the of every expressive turn, every power of Bach's invention in- bit of quasi-recitative. It was stead of on the pianist's rivetting to listen to, but the

With Beethoven's E-flat undeniably hobbled—it has a Sonata op. 31, no. 3, it became longer stride than she left clear that it was not Miss Cload's room for. I must add that she Bach manner, but her manner has tonal and technical retout court. From the opening sources on a generous, cultiphrases, all the written rests vated scale (not quite proof were taken absolutely literally against the hazards of disconcerting because so Schumann's middle movement). uncommon - and everything She seems to me a remarkably between them spelled out with interesting and thoughtful musiintelligent plainness and with a cian.

dramatic un-antiquarian passion. Like

to each constrained at all, Miss Cload's and Fugue, one gan to seem one-sided. The bold sweep of the work was

St. John's, Smith Square

Music Group of London

is played by five independent kovich's piano quintet it creates instrumentalists, rather than by more of a problem. The finale an established string quartet of the quintet (in parts sounding with guest planist, the Music uncannily like refracted Group of London would be Dvorak) suits the consensus likely to reveal it. Almost alone of ensembles working in the Lento and the Scherzo in parmainstream of chamber music it ticular needed evidence of a draws its personnel from a wide firmer hand, though the fugue' range of backgrounds; if there was delicately shaped and is a core it is the piano trio of Hugh Bean, Eileen Croxford of high spirits throughout the and David Parkhouse. Other work whose vulgarity deserves wise the players come together honest recognition. only for concerts by the Music

in St. John's, the approach unaffected music-their own sake. produce making. The lack of a dominant

If there is a difference in shaping personality is hardly emphasis when a piano quintet noticed here; but in Shostapolicy well. But the opening shaded; and there are moments.

The programme had opened with a trio for violin, cello and In Schubert's Octet, which horn in F major by Danzi. closed last Thursday's concert pleasant and unremarkable. Some nimble horn playing from allows an easy, relaxed per- Alan Civil apart, it was played formance—too relaxed at times somewhat carelessly; novelties for the mod of intonation— demand the same thorough prethat does not concern itself with paration as more familiar fare higher truths but is content to if they are to be justified for

ANDREW CLEMENTS

RUGBY BY PETER ROBBINS

Creativity loses to containment

SCHWEPPES, clearly pleased with its sponsorship of the its investment for a further verted.

The sponsorship figure is be raised to £90,000 and will be index linked.

This competition is one of the easiest to administer because major Welsh clubs are close together and the final is now well established as the third most important Welsh

rugby event. The closeness of the clubs has been a great advantage, particularly since the advent of coaching especially for the national team.

But it is a positive disadvantage when both team and individual tactics are so well known that an attitude of prevention rather than creativity prevails among clubs. It was this very attitude that

sporled Saturday's final between Bridgend, the holders, and Bridgend won 15-9, although

with only minutes left the teams lems, the onus was on the back

Welsh Rugby Union Cup. has side, and Owen scored the winjust announced it will continue ning try which Fenwick con-

Having seen Swansea beat Newport in a breathtakingly on Owen was not in the same is restricted as it was. fast semi-final, it was disappointing to see the team so obviously out of sorts.

David Richards was much missed at fly-half, not because Dacey played badly but because Richards engenders confidence and instills a sense of order into the centres.

Meredith and Jenkins in the Swansea centre did make late breaks, but Swansea's game is based on creating an overlap from second-phase possession. It was in this phase that

Bridgend won the game. They effectively killed Swansea's possession at the breakdown, thanks to the excellent work of Jones, Ellis and Gareth Williams in their back row. Wheel had a quiet day and with the Swansea front row experiencing considerable prob-

each. Then Davies. Bridgend's When Bridgend had a pro- line just before half time. but I suspect the time has no mobile hooker, took his second longed period of pressure just It was Wales-Scotland all over come for him to make way.

strike against the head. Gerald on half time, Keyworth, Cheese- again, and Gerald Williams and Williams broke on the blind man and Roberts mounted a Ellis could and should have let played an exemplary part.

class, and the Bridgend leftscoring that winning try.

Bridgend dominated the Swansea pack and the champions were particularly adept at the rolling maul. Bridgend also used the four-

man line-out in which Gareth Williams had the better of the Swansea opposition. Yet that was only part of the young flanker's contribution. He

catalysed the others with his one-stop running and controlled aggression. He covered tirelessly and was still going well at the end of a fast game. Such talent presages a bright future, and Ellis, the No. 8, was never far behind him in any phase. It was strange that Bridgend

did not score during a tenminute siege of the Swansea

heroic defence to keep them the ball out once or twice from out Bryamor Williams also a succession of scrums. That is the most difficult position to Unfortunately Swift's defence score from when the blind side In spite of that tactical lapse,

winger had already beaten him Williams had a splendid game twice on the inside before and one can only marvel at the apparently endiess supply It was a major surprise that of class scrum halves in Wales. Bridgend's fly-half Pearce also showed class but, as things were. Bridgend were not desperately interested in using

the other three-quarters in attack. J. P. R. Williams infiltrated the line to put his brother away on the right, and also attempted the odd sortie upfield. But it did not have the same dash

physical commitment. Comebacks are always risky and, although JPR was sequrity itself in all he did, I would have preferred to remember him as he was, not as he is. One might say the same of Fenwick. No one can deny his contribution to his club or country's success over the years but I suspect the time has now

Showbiz spectaculars hold the stage WE HAVE reached the point in tenth anniversary as the first dam tournament, beating the (twice), and Solomon, the tennis calendar when the event in the new 17,600-seat world No. 6, Gene Mayer McEnroe then, has richly rewarded "showbiz" Reunion Arena, have probably (USA) in the final and Lendi ride this week, and events hold centre stage.

This week in Dallas the eight Championship of Tennis will share \$200,000, and the eight doubles players a further \$50,000. Far away, on the edge of the Arabian desert, eight more of the world's leading professionals will benefit by \$50,000 at the BP Dubai Classic. Next week, there are two clashing events - the Ambré Solaire Nations Cup in Disseldorf for eight national teams of up to three players each, and the WCT Tournament of Champions at Forest Hills, New York, for some 32 tournament winners-which together will offer a staggering \$900,000

in prize money and bonuses. These spectaculars are an important and necessary part of the modern professional game, provided that they remain in those weeks designated for them by the Men's International Professional Tennis Council, which, as we shall see, is not always the case.

The WCT finals in Dallas. which this year celebrate their

contributed more to the growth singles finalists of the World 1968 than any other single event.

Staged with flair and imaginaprofessional presentation.

This year's field is the Smith, and Solomon. youngest in the history of the 22 years, and includes five of the talented Indian

Heinz Gunthardt (21), of old Czech Ivan Lendl were the world's leading juniors in 1977 and 1978. They are both now established among the top echelon of the men's game.

Reunion Arena, have probably (USA) in the final and Lendl ride this week, and will be won the last of the eight WCT pushed to hie limits by this former finalist in Dallas. John Sadri, a 23-year-old right-

Hunt (brother of silver specu- has been causing a stir with lator Bunker) and his nephew the power of his service, which Al Hill, and direted by former helped him to reach the final British No. 1 Michael Davies, of the Australian Championships on the format of the Grand this annual play-off among the in December, where he extended Prix Masters, is essentially a points leaders of the WCT tour Guillermo Vilas, and to win the pioneering event. There is a has set new standards for New ealand title, and has earned strong field, with three leading

event, with an average age of Johan Kriek impressed me finalist Pat Dupre, and the greatly in the U.S. Open last the brightest prospects in the September with his speed and Sherwood Stewart, two Austragame, who join the established flexibility. His victory over lians, Mark Edmondson and Rod stars. John McEnroe, himself Gerulaitis in Milan put paid to Frawley, who has had a only 21, Jimmy Connors, and the American former WCT tremendous run this last six Vijay champion's chance of repeating months, plus three Europeans. his 1978 win.

inter-collegiate champion, seems Franulovic.

of professional tennis since titles in Houston with a first- eager band of young challengers class win again Eddie Dibbs, a to retain the title he won spectacularly last year with back-to-back wins over Connors tion by WCT directors, Lamar hander from Charlotte, Carolina, and Borg, who has not put the WCT finals on his priority list this year. The BP Dubai Classic, played

him the scalps of Gerufiaitis, Americans - Victor Amaya (2 winner last week over Tanner). The 22-year-old South African the 1970 Wimbledon semi-Grand Prix doubles winner Mark Cox (GB), Patrice At last, Dallas-born Bill Scan- Dominguez (France), and the Switzerland, and the 20-year- lon, a 23-year-old former U.S. Yugoslave No. 1, Zeliko

likely to fulfil his considerable This is the first \$50.006 potential. He finished second to tournament in the Gulf. and McEnroe on the points table, from the interest it has aroused which underlines his consistency locally it would seem to be an Gunthardt won the Rotter- and has beaten Vilas, Gottfried ideal advert for the game



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The West, Iran and the Gulf

the abortive attempt to rescue the American hostages, the unity of the alliance must be the fundamental concern of Western leaders. But the European Community summit in Luxembourg should also urgently address itself to the damage that armed intervention. albeit on a limited scale and for a just cause, has done to the already deteriorating relations of the U.S. and the West as a whole with the Arab and other Islamic states of the region. Not the least, the leaders of the Nine should examine ways to improve them and not be hesitant in expressing its recommendations forcibly to the Administration.

Violation All the states in the turbulent swathe of territory stretching from the Bosporus to the Karakoram Mountains have con-demned or criticised the gross violation of international law by The exception is Syria, which for its own reasons related to the Arab-Israeli conflict, has kept silent on the subject. Some, no doubt, secretly would have liked to see the daring American mission succeed. However, if it had, they could not have applauded the operation openly. Apart from Oman which agreed to make military facilities available to the U.S. earlier this year (but has not publicly confirmed as much), every country in the region is formally opposed to any military intervention in the Gulf. These countries were unresponsive to the promise made by President Carter in January to defend them following the Soviet invasion of Afghanistan. Both the launching of the

American rescue operation and its failure may well reinforce the trend towards non-alignment that was fully evident a year ago when Saudi Arabia and Jordan decided their security was best assured by keeping within the fold of majority consensus and rejected Egyptian-Israeli peace treaty. Three months ago the Islamic solemnly declared its opposition to intervention and interference in the region by either super-power.

The general outcome of the meeting was that stability and security would best be achieved now a well-established principle guarrel ihle solution condemning the some way enderse.

THE immediate aftermath Soviet invasion of Afghanistan was one expressing concern over U.S. pressure on Iran. Thus, Islamic solidarity aside, all the countries of the region deplore the prospect of concerted economic sanctions, arguing that tightening the screws can only increase instability in the region to the detriment of existing regimes and to the advantage of the Soviet Union. The U.S. and West badly

need stability in the region and

the support of the Islamic countries there, particularly those in the Gulf whose oil is the life-blood of the world's economy. Their relations with them, however, have been increasingly distorted by the Middle East conflict, which politically has been aggravated rather than solved by the bilateral Israeli-Egyptian peace treaty, and the failure in any way to satisfy the aspirations of the Palestinian people or remedy its deep grievances. The Islamabad Conference the problem of n to be more showed Jerusalem important to the participants the Soviet Afghanistan. It is significant that King Hussein of Jordan, a close friend of the West for more than two decades, last week should have described Jordan's relations with the U.S. as being worse now than at any point in his 27-year reign. Criticism of Soviet action in Afghanistan would win no support : remained under .Jerusalem Israeli control, he warned.

Leverage

The o nly effective way to repair the crumbling bridges between the West and the Moslem countries is for President Carter to consolidate his one foreign policy success, the Peace treaty, by bringing about a form of Palestinian selfdetermination giving some satisfaction to a people who are either under military occupation or refugees. The hitherto desultory talks on autonomy for the inhabitants of the West Bank and Gaza Strip not only seem unlikely to be concluded by the May 26 deadline but as yet have shown no prospect of resulting in any self-rule owrthy of the name. Regardless of his electoral campaign. President Carter should now exercise the by solidarity and neutrality, potential leverage that the U.S. undoubtedly has over Israel to that has in no way been under- bring about a comprehensive peace settlement in the Middle between Iran and Iraq. Part of East which Arab and Moslem the price for the strongest poss- states other than Egypt can in

Not obscene, but ill-deserved

THE RENEWED Labour assault on the "obscene" profits of the phenomenon. The canny Scots clearing banks in Parliament have long since learned to last week was a little disingenuous; the old Wilson enthusiasm for mergers of all kinds did a good deal to foster the oligopoly which has helped to protect clearing bank profits. Nevertheless, the Government's reaction was reserved; the idea of penalising the clearing banks in some way has been shelved, but not altogether rejected. This reaction, despite the temptation to score off the Opposition, shows good sense. There are sound reasons for concern over the performance of the banks-and equally sound reasons for supposing that a tax would be the most irrelevant answer to the problems that exist.

Protection

What needs to be said clearly is that the inflated profits recently declared by the clearing banks are neither "necessary" nor a normal expression of the business cycle-arguments which have been advanced by the Bank of England. It is certainly desirable that a bank, like any other enterprise, should earn enough to finance the maintenance, of its working capital; but banks have no special claim to protection in their efforts to do so, especially if their success is at the expense of other, harder pressed corporations in the industrial sector. In any case, the growth of banking profits has been well in excess of the rate of inflation, not just this year, btu for several years. There is no conceivable case for a protective attitude to bank profits.

This is not in itself any argu-offering a wider range of ment for criticising such profits; services. but there are other arguments. The reason why the profits of the English clearing banks rise so steeply when interest rates are high is nothing to do with U.S., the financial squeeze has sary to check inflation, but imposed large losses on the it would pass a larger propor-banks. It is largely due, as tion of this flow of income into the chairman of Barclays the hands of the thrifty, rein-frankly acknowledged in his forcing monetary discipline annual statement, to their so- while helping to maintain incalled "endowment"—the fact comes. Financial intermediaries that they pay no interest on are the natural channel for the current retail deposits (though transfer; they have no claim

This is largely an English economise on non-rewarding holdings, and to mobilise deposit accounts for current settle ments. As interest rates rise the scale of this endowment increases far faster than the cost of servicing current accounts.

It is not perhaps surprising,

in these circumstances, that the clearing banks have been losing retail deposits to rival institutions - notably to the building societies, some of which are now installing cash dispensers to serve what are essentially current depositors. What is more surprising is that, despite the trading advantage offered by low-cost deposits, the clear-ing banks have also been losing significant slice of their lending market. Foreign banks now service nearly a third of the British corporate market — another example of "import" penetration on a scale unknown elsewhere. At the same time the services offered are clearly not as attractive as they might be; Britain has almost the highest unbanked population in the developed world. All this suggests that the

Government should legitimately be concerned about the structure of retail banking, especially in England. It is far too late to consider undoing any of the mergers which now dominate the market, but it is not too late to declare a welcome for any new competitors in the market. Potential competitors include some foreign banks who wish to enter the retail market. and the building societies, which need not be prevented from

Discipline

At the end of the day competition would not reduce the high the nature of banking—in the interest rates which are neceslarge clients enjoy interest to colect, for their own benefit, bearing overnight facilities). a one-way tax on borrowing.

THE Gulf of Perception between Europe and the U.S. can rarely have been wider. In Hamburg on Friday, selection of sophisticated European Finance Ministers and senior officials attending the IMF meeting, were collectively throwing up their hands as news of the aborted U.S. raid into

Irau unfolded.

Their comments were pained and worried; did Carter not know the risks he was running for world peace? Are 53 American lives worth a global holo-caust? Should the allies not have been consulted in advance rather than led down a primrose path into believing that their support of diplomatic and economic sanctions meant that the U.S. would, for the moment, eschew any form of military option? Is the American military really as incompetent as initial accounts of the raid suggested? And what does this mean for the security of Europe, not to mention the oil producing Gulf, against the proven might of the Soviet Union?

Some of these concerns are apperent in Washington. But they must be sharply contrasted with a mood which is by no means as critical of President Carter, grim though it nonetheless is. Although the full details do now. of why the adventure was called off have not been told, the tendency among many in Wash- are contending for the White ington is to ascribe it to bad luck. Americans have been statesmanlike comments from growing progressively more insistent in their demands that Bush reflect both their sense the President "do something" about the nearly half-year long ane as their own presidential incarceration of the embassy ambitions as well as their staff in Tehran and, at least temporarily, seem as much satisfied by the fact that he tried fallout from this latest Iranian as the undeniable fact that he failed.

important Michigan Democratic Party caucuses on Saturday certtainly provided no instant clues that the public was turning against the President. He and Senator Kennedy finishesd in a virtual dead heat. Admittedly the closed caucuses, attracting only 16,000 odd participants, was far from a pure test of public opinion, which might have been obtainable in

a fully-fledged primary. But it tended to confirm the proposition that it is very hard to determine how each stage of the Iranian drama will affect the electoral process. That the Presidential race has itself become another Iranian hostage s undeniable; it now looks as though it will continue to be so all the way until November 4, election day in the U.S. and the of the hostages.

week-that President Carter might even withdraw from the race-find no echo here. Back story has yet to be told. It may 1961. President Kennedy noted after the Bay of Pigs tration's reluctance to come disaster that had he been Head completely clean is both legitiof Government in a parlia- mate and understandable, if mentary system he would have the full truth, and nothing but been forced to resign from office. Some of his brothers more the safety of those in Tehran ardent supporters (Congress- (Americans and/or Iranians) man Henry Reuss of Wisconsin, who were to assist in the raid

the weekend that this is pre- But all recent history suggests too wide cisely what Mr. Carter should that American patience about But nobody expects this to happen, least of all those who The reserved, even

Messrs Kennedy, Reagan and that national unity is as importobvious caution not to be seen to be misreading the political adventure. Mr. Reagan, above others, still has time to exploit Iran in the months before the November election. Mr. Carter is leaning on

a tight group led by Dr. Zbigniew Brzezinski

A key element in both the public and political reaction— and, without doubt, in the eventual drawing together of the tattered shreds of American foreign policy—will be the investigations into what went wrong last week at Tabas. U.S. institutions-above all the Congress and the media-tend to have a more consuming interest in the retrospective whos, whats, whys and wheres first anniversary of the taking of such an incident than in what it means for the future rumours heard in Europe last (The Watergate scandals are a classic example of this.)

It is apparent that the full be assumed that the administhe truth, meant compromising who were to assist in the raid for one) were suggesting over on the Embassy compound.

not knowing the full story is not infinite, and when they come detailed revelations about the raid could produce both collective and individual damage to the Carter Administra-

This process is hardly going to help the Western allies as they try both to interpret and perhaps influence the subsequent course of American foreign policy. In the short term, though it is impossible to say how long this will last, elements are clear. The U.S. still clearly expects its allies to endorse the programme of diplomatic and comto do this, then the West will crisis of confidence-which the are determined to avoid, whatever their private reservations.

Put another, more cynical way, the U.S. Government is American action then they can as it were, by co-operationand not from the outside by dissociating themselves from

Afghanistan as a much serious problem than the confrontation with Iran the distiction between the two in U.S. eyes is less obvious This is partly because of the emotion generated here over the plight of the hostages: but it also reflects a more sustainable view that no marriage between Iran and the Soviet Union would ever endure. This is simply because the gulf between the Islamic clergy and

A dead American and part of the aircraft wreckage after the abortive Tabas raid

A U.S. melodrama that has

not yet ended

By JUREK MARTIN, U.S. Editor in Washington

In other words, U.S. policy will continue to be directed at the central proposition that it is in Iran's long-term interest to resolve detention hostages. Some officials even argue that last week's raid demonstrated that the U.S. still has the capability of striking deep into Iran, without being detected, and that one failure does not mean that subsequent attempts would end up so dismally. Yet there is clearly a certain amount of pie-in-the-sky opti-

mism about this. Confidence in American military prowess has undoubtedly been weakened by last week's failure. Even allowmercial sanctions against Iran ing for the fact that the full drawn up by European Foreign story has not been told, it does ministers a week ago. If the EEC heads of Government fail was inadequately planned and was inadequately planned and executed: That great manifestabe thrown into an unholy tion of technological warfare, the combat helicopter, was U.S. is convinced its friends shown up as a fallible instrument of attack in the Iranian desert as graphically as it ever was in the jungles of Vietnam. This is not the first occasion of the opinion that if the allies in recent years that military want to exert influence over execution has been defective the Mayaguez incident in 1975, only do it from the inside- and the attempt to free American prisoners of war from the Sontay prison outside Hanoi in 1970 immediately spring to ing efficiently wherever trouble

The so-called Carter doctrine towards the region unveiled earlier this year devotes maximum attention to building up a rapid deployment force: in recent months, U.S. policy has been concerned with establishing base facilities from which such a force might operate. Admittedly, this force is not due to possess full combat the Soviet Union is inherently readiness until 1985 but it had their bellicosity. The allied reached its final act.

in the interim period that the U.S. would not be bereft of conventional military capa-bility. That assumption must now be questioned in the wake of the Iranian failure and officials here concede must cause great unease in those Gulf states which still trust in the efficacy of the American military shield. It will not be easy for the U.S. to convince friendly Arab nations that their trust is not misplaced. On the other hand, some officials believe that, at least privately, the Saudi Arabians and other oil producing States will not be displeased that the U.S. showed its willingness to use military muscle, even if the action itself

Another concern of the allies is the structure of decision making in Washington

Another central concern of America's allies is the structure of whole foreign policy decisionmaking process in Washington. This was brought into acute focus in the middel of last week It must also be apparent by now that though the allies may see the Soviet invasion of Afghanistan as a mast week the soviet invasion of Afghanistan as a mast week the soviet invasion of Afghanistan as a mast week instance by press reports of a special which the second white House meeting, at which policy in the Gulf area is senior aides were asked for predictated on the existence of their opinions on the contract of the contra Much derided at the time, it

is possible to see the leaked new stories of this event as part of a calculated attempt by have not been even though knew about the raid to bull the of cropping up to coincide with Iranians into a sense of false American elections. The debate security. It is now clear that on tactics, consequences and the decision to proceed with motives is intense already and the rescue attempt was likely to grow more so. It is an authorised some weeks ago: internal melodrama that thereafter public comments by America's friends in the world the Administration lost some of must realise has not necessarily

sanctions programme agreed in nxembourg a week ago may further, have contributed to what CIA agents know as "disinformation, though the European mations. It seems, were unwithing participants in the process) in so far as it implied that the U.S. wanted first to apply conventional non-military

Yet, even allowing for the artfulness with which the President and his inner circle may have pursued this couse, one central fact remains. This is that Mr. Carter seems to be leaning increasingly for advice. on a tight group led by Dr. Zbignlew Brzezinski, his National Security Adviser, and progressively eschewing the more moderate advice he is getting from his conventional Secretary of State, Mr. Cyrus Vance, who it has emerged, was actually away on holiday when the decision to go through with the rescue attempt was made.

Dr. Brzezinski is not a popular figure in Washington, any more than he is in European capitals. Senator Henry Jackson warned over the weekend of the dangers inherent in "born again hawks," implying clearly that Mr. Carter's eminence grise was his National Security Adviser. Only a few days ago, one Congressional committee held hearings on the proposition that the National Security Adviser should like Cabinet members, be approved by Congress not merely appointed by the President.

Moreover, as his fondling of a rifle in the Khyber Pass a few months back so graphically demonstrated, he seems to possess the un-military man's perennial fascination with and faith in the efficacy of the military option.

This confidence has presumably been temporarily dented. It is hard to see how the U.S. can launch another para-military operation now that the hostages have been dispersed around Iran. There is some hope here that this very act will make it harder for the militants to maintain secure control of their captives: but it is also accepted that nothing in Iran is predictable these days, which is why the U.S. is ruling nothing out in the future.

As Lord Carrington will undoubtedly find out when he comes to Washington this week, there is so inclination on the part of Americans, be they in Government or out of it, to apologise for what happened last week or even to regret the incident. The whole hostage saga American psyche; It is influenc-ing the political process in a way which previous elections those very few officials who international crises have a way

Stable cleaner branches out

I found Alan Gruber leaning I found Alan Gruber leaning we feel a duty to keep well out on a shovel in the Savoy coffee of trouble." The shovel, phorical of course, was the one he used to tackle the mucking out of that latter-day Augean stable, Equity Funding, Readers will remember the stink which followed the collapse of this U.S. insurance company which sold some 56,000 bogus policies to reinsurers.

Now pristine, odourless and transmogrified into the Orion Capital Corporation, the com-100 major U.S. banks and financial institutions within fall-out range of the so-called the courts added a clause forc-billion dollar bubble," has ing Goldblum to forfeit to entered its first full-scale overseas venture.

Gruber, chairman and chief executive, was in London to tie Funding. A pity, really, since up the ends of a reinsurance the process by which this consortium involving his com-remarkable ex-butcher taught pany and British, West German and Japanese interests. But with four years of blameless growth at Orion behind him. I found him still more than happy to in the aftermath of the Equity Among friends? reflect on the task he took on scandal.

A company doctor of some renown, he was head-hunted in 1975 from the fringes of the Rockefeller empire and instructed to make what he could of the remnants of the fraudridden Equity corporation. Robert Loeffler, the trustee appointed after the collapse in 1973, had no wish to take on the

job.
"We did not have a river todivert through the Augean stables," Gruber told me. "I had to use a shovel." What he found beneath the mire was two "clean" life insurance companies on which to build. Orion, springing from well-

ferlised ground, has grown cautiously and steadily. It has just celebrated its fourth "rebirthday" with earnings of more than \$14m - more than double year. Caution, however, is still those of its first operational the catchword. "I am a little schizophrenic about what we pany with son of former Cunard 'Overl' should do," said Gruber. "When chairman, Sir Aubrey Brockle legs'."

you are pushing for performance it is easy to take risks in this business. We want to be dynamic and progressive, but

Now out of jail, but still not out of the wood, is Stanley Goldblum, the man who began the whole Equity affair in 1960. He went to prison with a \$300m judgment against him. This was reduced to a trifling \$100m when he was adjudged in-solvent, but it can still be voided should he be found to have concealed assets.

And to consolidate his down-fall. Gruber told me that on seeing how well the Watergate gang did from their memoirs, Orion any income he might make from writing about his extraordinary career at Equity the U.S. financial world that two and two made five could be an education to us all.

The rehabilitation of Richard and Airfix Footwear. M. Nixon continues apace. Several Government ministers, I hear, were among members of the Conservative Philosophy Group who gathered at his feet in the home of Jonathan Aitken last night.

Back in fashion.

Robert de Keyser is not the most popular man at W. L. Pawson, the Leeds-based clothwhen he ousted from a submanagement talent to help him plus production brain Jack lot with him.

pany with son of former Cunard 'Overheads walk in here on two



Mrs. T. wants you to get there, see Jimmy's doing and tell him he mustn't . . ."

bank and de Keyser's brotherin-law Michael Sinclair, is now busy making waves in the stormtossed clothing industry. These stem from the acquisition-for virtually a kiss and a promise of two moribund companies: Rembrandt Designer Collections

Rembrandt came their way in February, courtesy of Toray Industries, when de Keyser and Brocklebank each paid £475 for 190,000 shares aciepe. In March they bought Meccano's loss-making shee interest "for a nominal sum." Now, my spies tell me, the self-styled "con-sortium" is interested in buying more companies in similar trouble. Not so, de Keyser says. He claims be has six figures in the Rembrandt account and is ing group. Since September, ready to buy going concerns. Not a man to waste time, he sidiary board, he has tempted made more than half the Rem-

away a handsome slice of its brandt staff redundant within weeks of the takeover. The Airlaunch his own rag trade em- fix payroll is also being sub-pire. Pawson directors Michael stantially reduced. "I employ Binns and Michael Bancroft, very simple methods," he says, plus production brain Jack "No plush offices. Profit from Martin, have thrown in their cash flow. Expenditure kept to the minimum. I am having a This old-boys' quartet, in com- notice in my office thaat says:

Not interested in drafting fancy designs that make the colour magazines and flop in the shops, he says he will stay with what sells best-middle of the road fashions-and plough up profits from the fallow ground between Far Eastern cheap imports and the posh end of the

home industry.
In spite of his good family connections in the UDS mail order trade, others in the industry are sceptical. Still, even though the fashion business is going through one of the worst patches in its history, he still managed to collect some £100,000 in orders at recent shows. Some improvement on the £40.000 taken by Rembrandt last year. There seems a long way to go, however, before he can convert last year's £500,000 loss at Rembrandt and Airfix's £200,000 deficit to a financial foundation strong enough to support his longer-term plans to stitch together comprehensive clothing group fit to be floated on the Stock Exchange.

Coppers count

They are nothing if not meticulous down at the Police Complaints Board. The latest accounts show beneath the entry for the Home Office running costs grant a curious "other receipts" heading against which stands the total of £2. The board tells me this was payment from a former official for a private call on the office phone. The board plainly needs every penny it can get. Last year it dealt with more than 14,000 complaints against the police on a budget of £396,000—an average of £28 a

Picking a fight

"We tried to plan our holiday last night. We started off with a choice of two places and by bedtime the wife had narrowed it down to six."



time—in World Business Weekly on June 9th.

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World Business



FINANCIAL TIMES SURVEY

Monday April 28 1980

audi Arabi

THIS SURVEY attempts to answer the key questions about the Western world's biggest oil

The initial articles, on pages II to IV, assess the stability of Saudi Arabia, its foreign policy and its ability to defend itself. Pages VI to X analyse the economy, with emphasis on the forthcoming new five-year development plan, the way the Government spreads wealth among individual Saudis and how it invests its financial surplus abroad.

Individual sectors of the economy are studied in detail from pages XI to XIX, starting with the vast downstream petroleum industry projects.

Between pages XX and XXIII the survey examines the Saudi Arabia few visitors see—the provinces and the rural areas away from the three main urban centres.

The remaining five pages, XXIV to XXVIII, look at Saudi society and its development and the crucial role of Islam. On page XXVII appears the full story of last winter's Mecca siege which first raised doubts about the Kingdom's stability.

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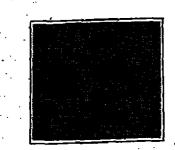
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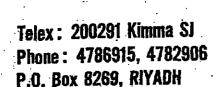
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THE self-confidence of the Saudi Arabian Government has been shaken by last winter's seizure of the Grand Mosque of Mecca by Moslem fanatics. The Government is trying to remove causes of popular dissatisfaction, but its room for manoenvre is limited.

Challenge to internal stability

The photograph of King Khaled, below, and the majority of pictures used in this survey are by Saudi International Media Systems, Riyadh, Photographers J. Smallood and L. Pierce.

possible by the actions of the Tranian mob, but there is no

Saudi mob. The regular army,

scattered in remote camps, is

National Guard, which is in the

The only force which could

bridge the gaps between the cities would be the air force,

which would be essential to any

coup attempt. But it is doubtful

able to make without the acquiescence of the American

and British technicians on whom

it heavily depends. It is far

from probable that the removal

of the current leaders of the House of Saud would cause

collapse in the way the

Ethiopian royal house collapsed in 1974 when its head was

removed—there are too many

Sauds with a greater claim to

legitimacy and stronger regional

links than those of Emperor

in a palace coup, is one of the

more plausible possible events

if the country's current malaise

The House of Saud is now well aware of the dangers it

faces and it has a powerful

instinct for survival. How well

Haile Selassie's family.

counter-balanced - by

centre of power.

NO ONE should underestimate intervention apparently lacking august chairman of a grouping disastrous results that any erosion of its stability would have. Yet, that stability now policy of large scale govern-faces greater internal and ex-ment spending combined with ternal challenges than for more the preservation of religious

exporter and, largely to oblige the Western countries, is still Guard were poorly led, ill-co-producing 9.5m barrels of oil ordinated and less than competheoretical ceiling and far in on other underlying internal excess of its financial needs.

It is responsible for perhaps \$60bn worth of liquid or semiliquid funds held in the West but manages them in a way which is intensely conservative and, from the Western point of view, responsible. It is profoundly anti-Communist and can normally be relied on to provide funds on a large scale to back regimes sympathetic to the West, as in Turkey, Pakistan and, until recently, Egypt. And it consumes 4 per cent of the OECD countries' exports.

So, if a regime less sympa-thetic to the West took over in Saudi Arabia it would not only have appalling economic consequences, but it would very likely precipitate the collapse of the traditional regimes of the oil states of the Gulf and Oman,

Anxiety about Saudi Arabia's November's seizure of the overthrow it though one which relied on divine intervention to achieve its aims and bring crat in the sense that the Shah tion of Saudi Arabia and the

the crucial importance of Saudi and the mosque not being the Arabia to the West, and the seat of government the attempt ultimately failed.

But it did indicate that the orthodoxy was not being totally This extraordinary country is effective; that the intelligence by far the world's biggest oil services had been remiss; and that the army and National Guard were poorly led, ill-coday-im b/d above its tent. And it focussed attention

Shia riots

Riots by Saudi Arabia's significant Shia minority in the crucial oil-producing Eastern Province coincided with the siege. Not long after, came the Soviet invasion of Afghanistan, brigging Soviet forces dramaticloser to the Arabian peninsula and the Gulf, and reinforcing perennial fears in Saudi Arabia about Russian encirclement (Russians are en-trenched in South Yemen and Ethiopia). The Arab world has been split, and Saudi Arabia put in an excruciating position, by Egypt's peace treaty with Israel -vigorously promoted by the Kingdom's chief ally, the U.S.

Uniquely, of all the countries in the world, Saudi Arabia is cated society.
named after a family. The House Much of the stability developed after last of Saud is the common element uniting what are still the widely Grand Mosque at Mecca, the scattered settlements of a caused by the social and physiholiest site in Islam, by a band largely desert country, put under of mainly Saudi Moslem one Government by the father of mainty saunt mostern one correct ruling generation extremists. This action, which of the current ruling generation turned into a two-week seige, of Saudi princes, King Abdulwas both a demonstration of Aziz ibn Saud. Heterogenous opposition to the Saudi regime groups have been united by a concerted attempt to marriage to the Sauds, who now number about 5,000.

King Khaled is not an auto-

of his 30-odd full and half brothers, of whom the senior active members are Prince Fahd, the Crown Prince and, effectively, the chief executive, Prince Abdullah, commander of the National Guard, and Prince

Sultan, Minister of Defence. The family, historically allied with the leaders of the austere Wahhabi sect of Islam, rules in close association with the religious leaders or ulema, by whom all legislation is approved, but though the Koran is the constitution Saudi Arabia is not theocracy.

This traditional structure has had to stand the strain of oil wealth on the colossal scale caused by the 1973/74 and 1979 oil price rises. It has made Saudi Arabia a country of world importance and caused a staggering economic transformation, putting a fair number of Saudis among the world's billionaires.

The kingdom has achieved some striking successes in there has also been tremendous waste, which-according to one estimate—has eaten up 60 per cent of every dollar spent in the past few years. And wealth has caused profound, though hard to quantify, distortions in a simply puritan, poorly edu-Much of the uncertainty that

now afflicts Saudi Arabia is the result of the disorientation cal metamorphosis of the country in the past six years. The Mecca outrage was one

manifestation of this confusion Its leader Juhaiman al-Otaibi had been well known before incident as a fanatical preacher against the increasing secularisation, and WesternisaINTRODUCTION JAMES BUXTON

Family, which he said at Mecca, "beyond redemption." Despite the regime's intensive efforts to appease them the ulema had some discreet sympathy with the rebels.

Ranged against the religious technocrats, young, Western-educated (though not necessarily Western in outlook) businessmen and administrators, who detest the craving for restrictions of religious leaders and believe that the Government already takes far too much notice of

But, significantly, they would agree with the religious opposi-tion in condemning inequality the continuing poverty of many Saudis and the gross hypocrisy of many of the rich

Commissions

A lot of the criticism, both at Mecca and elsewhere, has been directed at the Royal family itself. Its financial preeminence has never been challenged and the payment to many princes of commissions on contracts could just be regarded as a function of a system that is endemic throughout Saudi and Middle Eastern society. But the size of the commissions has become so vast because of the enormous value of the major contracts, for which a potential contractor needs a prince's blessing, that the Royal family is in great danger of becoming a privileged class apart, publicly regarded as

stealing from the country. It has become associated with waste, one example of which is seen to be the production of oil at 9.5m b.d. and the selling of at a discount on current market prices, a system now traditionalists are the so-called known to benefit at least one prince in the generation below the current leadership.

> Many members of the Royal family live morally upright, even ascetic lives, but others infuriate their fellow countrymen by barging the queue at the doctor's, bumping legitimate passengers off Saudia flights diverting international flights in mid-air from scheduled destinations to where they alone want to go. What might be pardoned in an autocrat is not easily forgiven to a ruling class.

> All this murmuring contributes to a climate of discontent, despite most Saudis' constantly rising prosperity, but it is a feeling that is diffuse and fragmented, for the mass media are strictly controlled and gatherings of people forbidden (except in mosques). The resultis that for Saudis as for outsiders hard information replaced by rumour and the muddled interweaving of contradictory fact an dilction, which is more dangerous than the

The Saudi Government has become worried and perplexed by the strains in what had been considered a cohesive society and the threat to the Royal family's rule it implies.

Following the Mecca and

to introduce a greater sense of moral rectitude as well as economic purpose. The new Five-Year Plan, to be announced wasteful spending, and building tion and training and on creating creating a self-sustaining economy less dependent on

Yet, the Government's room for manoeuvre is limited. It is torn between the desires of the traditionalists and those of progressive outlook, with the merchants, primarily interested in high Government sandwiched inbetween. Since Mecca, the consions have inevitably been towards the traditionalists with such steps as the banning of the import of dolls and dogfood and the vetting of videotapes steps which exasperate the technocrats. The behaviour of a constantly growing Royal family is hard to control and co-ordinate a senior Arab Minister has referred to the family as a bureaucracy of its own-and

Even the creation of a consultative assembly is a step full of pitfalls, an implicit admission that the traditional system of communication between ruler and ruled via the majlis or inarticulate critics of the regime.

Eastern Province incidents, it has replaced bad or incompetent provincial governors and sacked top men in the armed

The Royal Family's sensitivity any impugnment of its integrity was shown by its angry reaction to the showing on British television of a film about the execution for adultery a Saudi princess, which led the kingdom asking Britain withdraw its ambassador.

Prince Fahd has firmly stated his intention to stamp out corruption and conspicuous consumption among the Royal family. Steps are being taken set up a nominated consultative assembly, an oft postponed idea, and give the

country a written constitution. Everywhere in the kingdom one finds an emphasis on trying next month, aims at reducing no more white elephants but concentrating on better educaself-sustaining Government subsidies.

senior princes evidently find it content could, however, be hard to curb the dangerous capitalised on by a wellactivities of their own sons.

formal assembly no longer works properly, yet the new in-stitution can hardly satisfy the The ruling circle of the Royal Khobar.
Family should represent a con The

The takeover by religious arc of crisis:



King Khaled bin Abdul-Aziz al Saud.

sensus of the different view traditionalists in Iran was made points — traditional and reformist—in the family and, it hopes, in the country as a whole.

Yet this consensus has its drawbacks. King Khaled is sick but Crown Prince Fand dees not have his regal authority. This slows down decision making at times of crisis and allowed problems to drift-such as, until recently, the increasing undesirable rule of the ibn Jihwi branch of the family in how many sortles it would be Eastern Province.

At times, decisions are madeby whoever happens to be available at the time. Yet, all important paperwork has to go through Crown Prince. Fahd. who is tremendously busy and in none too good health himself. Whether these problems will be resolved by the succession, under which it is agreed that Fahd would become King and Prince Abdullah Crown Prince-depends on which of the two most senior members of the regime dies first. In fact, the replacement of one group of Sands by another,

But even in Saudi Arabiathe Royal family rules by consent of the people. There is no sign at all that the people are yet in any mood to withdraw yet in any mood to withdraw is not cured—even though it is that consent from the House of difficult to identify any obvious Saudi—and it is hard to see the "Young Turks" in the Royal Saudi-and it is hard to see the do so. The inchoate sense of disorganised and committed

Any group trying to seize it fares depends not just on Apart from the pervasiveness. if occasional inattentiveness of the security forces, the centres of population are scattered and it is unlikely that seizing power in Riyadh would automatically ensure the fall of Jeddah or al-

in Saudi Arabia would what action it takes, but on formidable difficulties what support it wins from its

chief ally, the U.S. The Kingdom faces internal criticism for over-producing oil to help the U.S., and for not opposing American policy on Palestine more vigorously. On both issues, the U.S. could be much more

Promises of reform follow upheaval

sometimes have real illness The Saudi leadership, fearful for years of the threats from outside the realm, last winter awoke to a domestic scene in-

For a period after the attack on the Grand Mosque in Mecca. even royal spokesmen admitted mistakes and promised a broadening of the base from which decisions affecting 5m Saudis are taken. With the Royal Family at bay, other. voices chimed in. Rich commoners, importers or commission agents, said this sort of thing was bound to happen since they were no longer consulted. The ulema called for greater rectitude in public life to absorb and deflect the eastigations of a Juhaiman. Reform-minded intellectuals, of temperament Western appeal, spoke of excessive corruption and extravagance in the mad -civil service and Royal Family. Soon after the end of the siege, Crown Prince Fahd

made his suggestions. Koranie foundation of Saudi life would be defined in 200 new articles and a consultative assembly formed to advise the seat of power. What the assembly's legislative powers might be, if any, was not clear but the make-up of the com-mittee discussing the new body showed it would probably consist of merchants and

Fahd's deadline for both Constitution and Majless Al-Shura, as it is known, passed some months ago and few believe that the projects are being pursued with any energy, Neither are in any way revo-lutionary. The Majless Al-Shoura was formed of Hijazi notables in 1926 to absorb opposition to the new Saudi regime and to recognise the greater sophistication of the province imported by years of Turkish rule; the Alireza family, represented now by a single deputy minister, once sent a deputy to Istanbul. The constitution was also

promised in 1926 when a statute recognised the realm as an absolute monarchy limited only by the Sharia (divine law). But since then, Saudi Arabia has not felt the need for a constimion as far as the rights of the subject and the form of the administration are con-cerned. It has relied on the highly personal rule of a king, whose involvement even in the JAMES BUCHAN

POLITICS

Saudi Arabia, and the haphazard formulation of Royal Decrees in areas where the Sharia was

Under the Sharia, all execu-Under the Sharia, all execu-tive power was originally gathered in the hands of the king. Even so, and long before administration became as com-plex as it is today, the Saudi kings respected and acted on advice. Every day between the sunset and dinner prayer, Abdul Aziz met the ulema of Najd and would later sit with a highly

the Council of Ministers, as the pre-eminent consultative and legislative body in the early 1950s, and the proliferation of ment but who would be sorely new ministries since then.
Saudis and some foreigners the King appears unwilling to defended the parallel system look beyond the extensive first on the grounds that it works; generation of the family, let even today, old people and beduln from tribes associated of importance. with the Saudi rise to power will seek redress from a princely mailess often before the Government department con-

Highest level

At the heart of the Saudi system is the Royal Family, so vast it resembles a tribe rather than a family. It is concerned, except at the highest level, with its won interests as opposed to those of the merchant communities or the ulema. The concept of loyalty to the state is very rudimentary in the family and, inevitably in a country where decision making hood. His prime concern has is so limited, among the few been to maintain a balance of the people. Not surprisingly, within the family, increasingly the family has been less than divided by yawning gaps in willing to cede power outside wealth and power and by fear munities or the plems. country where decision-making munities or the ulema

he needed technical assistance. old age, he was accessed of A great measure of financial chairing the Council of Minicontrol has since been gathered sters in Crown Prince Khaled's

Equally where technical ministries have been ceded to men from merchant or jurist background (some of exceppackground (some or exceptional ability and international repute), the influence of the commoners has tended to be limited to their own ministries and, even there, has been subject to royal pressures, parti-cularly in contracting. An exception should be made for three men, Hisham Nazer, the planning minister, and the finance minister. Muhammad Aba Al-Khail, have built excepand would later sit with a highly planning minister, and the informal council (which the finance minister, Muhammad English explorer Harry St John Philby often attended).

The informal royal and offices. Their supervision of princely majlesses, and their offices. Their supervision of princely majlesses, and their offices their supervision of other ministries led to the resignation of one royal ministries survived both the creation of the Council of Ministers, as the pre-eminent consultative and man whose abstitute and flair for man whose abaility and flair for publicity have caused resent-1950s, and the proliferation of ment but who would be sorely

> Age remains the first basis of influence within the family. This is partly tradition and partly a reflection of the damage wrought in the pre-eminent status of the King by Saud's misrule and ejection in the early 1960s; at that ime, too, the family was obliged to retreat into the pattern of horizontal succession, inevitable in all but the strongest Arabian regimes.

King Khaled is a conscientious and pious ruler, limited by sickness and shyness in handling a complex host of business that did not exist in his boy-

While Khaied acts as both Although Abdullah Sulaiman brake and a synthesis, policy is and defence of Saudi Arabia under Abdul Aziz this was primarily because the King felt array as 1974, when, in Faisal's he product technical assistance.

about the millennium. Divine of Iran was, but rather the alleged godlessness of the Royal WORLD'S BEST UNDER ONE BRAND That's GCC's policy — to meet all your equipment requirements with the most comprehensive range of world leading products available in Saudi Arabia. Whether you need trucks, tractors or telecommunications; cranes, compressors or crushing plant; gensets or graders, rock drills or Range Rovers, GCC has the capacity to meet you half way with a unique Kingdomwide sales and service network, backed up with massive investment in spare parts and factory trained personnel. Not that having the best came easy.. It took us 30 years. GCC - One brand name for the world's best. KENWORTH Potain CLARK عالعاك 🏵 CHRISLER Warner & Swasey **Aveling Barford** NEC AL KHOBAR DANMAN JUBAL RIYADH JEDDAH KUWAJT P.O. Box 356 Tel: 864-2733 (8 lis P.O. Box GCC Jobail King Khaled Street Cable: OLAYANCO Tel: 28660. Teles: 670019 Telex: 570019 OLAYAN SJ

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Tehran

BAHRAIN

OMAN

IRAQ

SAUDIDhahran

Riyadh 🛪

ARABIA

ETHIOPIA

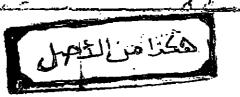
SKENYA

Khamis

Kabul

islamabad

INDIA



EGYPT

SUDAN

★ Sandi Military Bases

U.S. links dominate issues

DIPLOMATS in Jeddah often U.S. and its Wsetern allies are the military and moral clout to complain that Saudi foreign extraordinarily well-served by stop him. policy is particularly elusive because normally not more than three or four people at the Foreign Ministry have any idea what the policy on any issue actually is. Yet, if Saudi policy-making is highly centralised, the kingdom is also extra-ordinarily active in foreign affairs, given its relative inexperience - there are few parts of the Eastern Hemisphere that have not at some time been the object of close attention by the kingdom.

But the country which inevitably merits the most attention is the United States with whom the kingdom has developed an inter-dependence which often appears to take precedence over everything else.
In the belief that only the

U.S. has the ability and the will to defend the kingdom from external attack, Saudi Arabia is prepared to produce considerably more oil than its economic neds dictate to help the world's most wasteful energy user; to allow the four U.S. Aramco partners an enormously advantageous and anachronistic posi- It was a failure of Saudi tion in the oil market by setting policy that President Sadat its oil price below other producers'; to invest a considerable part of its enormous financial surplus in the U.S.: and to Saudi disapproval - the kingallow the U.S. preponderance in dom had given Egypt no less

Saudi Arabia.

tration in its remoteness from the Middle East ignores) that the kingdom's internal and in March, 1979, he consistently external security depend, in underestimated Saudi Arabla's the first instance, on stability opposition, which was based in the Arab world itself.

The key destabilising factor is not Soviet expansionismthe issue of Palestine which Saudi Arabia, as guardian of the holy places of Islam, has to concern itself with.

Embargoes

While the Palestinians remain aggrieved, all Arab states the danger of regional instability and subversion, not to mention war, and for the oil states, the embarrassing question of embargoes on supplies to the West. And all Arab régimes are judged both internally and externally on the stand they take on the Palestine issue.

started his peace intiative with the dramatic trip to Jerusalem in November, 1977, in face of the lucrative development of the than \$7bn in non-military aid with Egyl Kinddom's own defence. The alone since 1973, yet lacked Egyptian

When President But Saudi Arabia knows Carter became more involved (which the current U.S. adminis with the peace initiative, first with Camp David in September, 1978, then with the treaty itself both on intense emotional dislike of a treaty which seemed is not Soviet expansionism— to do nothing on the crucial though this is bad enough—but Saudi demands of the creation of a Palestinian state and the return of East Jerusalem to

> interest. The treaty semed to strengthen the hands of the radical Arab states and of the extreme Palestinian s which Saudi Arabia has always feared. And it forced the Kingdom to decide whether or not to break relations with Egypt and impose sanctions on

> Arab hands, as well as on hard-

headed assessments of self-

In the end, despite some divisions within the Royal Family, some of whose members were fearful of the effects an Arab boycott would have on the stability of Mr. Sadat's con-servative regime and of the wrath of the U.S., the Kingdom joined the boycott of Egypt agreed at the Baghdad summit in March 1979, broke relations with Egypt, stopped financing military projects,

FOREIGN POLICY

JAMES BUXTON

pulled out of the Arab Organi- need relations. If not, then sation for Industrialisation (the having relations won't make fledgling Egypt-based Arab arms industry) and stopped balance of payments support.

So far, though, the Kingdom has stopped short of severing all links with Egypt, despite the foul insults President Sadat has hurled at it; it has not stopped flights to Egypt, or expelled the 250,000 Egyptians working in the country, or stopped them remitting money. or withdrawn the \$1bn odd it has on deposit in Egypt, or stopped private investment and property ownership by Saudis.

Yet the partial imposition of the boycott can only be sustained if the talks between Egypt and Israel on Palestinian autonomy make some degree of progress and the May 26 deadline is looming. Then, or shortly after, Saudi Arabia has to weigh up its position in the Arab world against the possible endangering of its relationship

with the U.S. The weakness of the Saudi position is compounded by the absence of a viable alternative to the U.S. Western European countries do not have the military capability or the willpower to defend the Kingdom on their own or in co-operation with each other, nor the financial ability to absorb all the King-dom's investible surplus. And they do not have the diplomatic power to promote a Middle East settlement on their own, though Saudi Arabia is encouraging their moves towards recognising the PLO

The Soviet Union and the East Bloc are beyond the pale. The House of Saud does not believe in detente nor see the Communist bloc in the un-certain shades of grey still so common in the West: the Soviet Union and Communism are utterly inimical to the Kingdom, which also refuses to recognise China. Partly in order to worry the U.S. the Kingdom has in the past year hinted that it didnot totally rule out some form of ties with the Soviet Union, but the Government strongly denies that the idea is now under consideration.

Mr. Abdullah Alireza, Deputy

having relations won't make any difference."

These are reasons which have, of course, only been fortified by the Soviet invasion of Afghanistan, which has brought the Soviet Union much nearer the entrance to the Gulf.

Pincer movement

Saudi Arabia sees its fears of being at the centre of a Soviet pincer movement confirmed: in the past three years the Soviet Union has built up a strong position in Ethiopia, just across the Red Sea: greatly strengthened its base in Aden in South Yemen, in the Arabian peninsula itself; and within the past few mouths become rather more involved in North Yemen, which the Saudis like to regard as their protegee, through an enormous arms deal.

The Saudis blame the U.S., in varying degrees, for all these developments, though it was Saudi heavy-hardedness as well as American tardiness that made North Yemen so disapleased with last year's U.S.trilateral arms package that it turned to the Soviet Union for a much larger quantity of arms delivered much more quickly.

The Saudis also note grimly that the U.S. did not burn a finger to help the Shah and prevent the Iranian revolution, whatever the difficulties it faced.

So, the Saudis are delighted that the U.S. is now, as they see it, taking its global responsibilities seriously and assessing how it can move forces into the area quickly in the event of an unspecified emergency.

In public, the Saudi Government has insisted that it does not want American troops in the Gulf, or in the Kingdom itself, and that the nations of region, including Saudi Arabia, are perfectly capable of defending themselves. In view of the Kingdom's exposed position on the Camp David issue it would be dangerous to talk otherwise.

But in fact the Kingdom is prepared for the P.S. to have the military facilities it is negotiating in Oman, Somalia and Kenya, which will involve a Foreign Minister, says: "If and Kenya, which will involve a Soviet intentions towards us are small number of U.S. personnel, peaceable, then there is nothing and the prepositioning of some to worry about so we wouldn't stores and equipment to receive MOMBASA Diego Garcia (U.S.Existing Base)

BERBERAL

BASIC STATISTICS				
Area	865,000 sq. miles	Imports (1978)	SR 81.8bn	
Population	7.87m	UK (rade (1979):		
ENP	SR 185.3bn	Imported from UK	£893.6bn	
Per capita	SR 23,555	Exported to UK	£1,108bn	
Exports (1978)	. SR 139.5bn	Currency, Saudi riyal;	£1=SR 7.40	

DACIO OTATICTICO

U.S. rapid deployment force by air and sea: Saudi Arabia may help finance the arms deals with those countries that will match the arrangements for the U.S. military,

As for the U.S. using military faciltiies in the kingdom, the stationing of troops is totally ruled out; as is the prepositionign of stores since, as the Saudis wryly point out, the U.S. won't allow the Saudi forces to stockpile nearly as muc hammunitions as they want, for fear of upsetting Israel.

But with about 10,000 American military and civilian per-sonnel involved in the Saudi defence forces, and stationed at virtually all bases, it would be extremely easy for U.S. aircraft

reconnaissance aircraft did for of Afghanistan and was the fir 90 days last year after the North Yemen crisis.

The developing tensions of the past year and a half have initiatives of Saudi foreign led the kingdom to take its policy the events of the pa security yet more seriosuly: it has concluded a significant security agreement with Iraq, with whom it appears to be at odds on ideological grounds, as well as co-ordinating internal security arrangements with the Gulf states.

invasion, while it directly helps stan and as it begins in it NATO and the OECD countries course of the decade to seek by its assistance to Turkey. It buy oil in the Guif, as its ow played a leading role in persuading the Islamic conference

country to refuse to send a tea to Moscow for the Olympics.

Yet, despite the independe year or so have increased Saudependence on the U.S. and the accentuated the kingdom approaching dilemma on th Palestine question.

Saudi Arabia's refusal to de with the Soviet Union is goin yet more money into Pakistan involved in regional affair in the wake of the Afghanistan invasion, while it directly the to come under greater pressu: supplies fall short of deman Saudi Arabia's dependence of and ships to use the kingdom's in Islamabad, in January, to the U.S. has put it in facilities—as a pair of AWACS condemn the Russian invasion dangerously exposed position.

ruptcy of the Crown Prince's the regions outside the Saudi attempts to pursue an inde-heartlands, foreigners and pendent Saudi line over Camp David last spring almost pre- by Juhaiman, has yet to be cipitated a crisis of confidence closed and by virtue of his in Fahd, badly overworked as Americanism and his financial

Yet to the surprise of no-one, his absence merely produced confusion and be re-established power. At the very least, it free to do business almost with-Guard, or his nominee as crown tary conscription of a formal prince in place of Prince kind) are opposed for exactly Sultan, the defence minister, that reason. Without fiscal conwith whom his relationship is trol, the Majless Al-Shoura will marginally better.

tion and sentiment militate tion and, to a much lesser will not do so willingly.

place. More recently the bank- against the young, the Shiites, The door of criticism, opened

power, Fahd is particularly vul-In assessing how this inwomen; and second, that the his authority over foreign issue is not the absence of any policy and disbursement with-elected body to represent out difficulty. There can be no opinion. After all, the Governdoubt over his succession, only ment makes few demands on about the limitations the family the population, there are no will place on the growth of his taxes to speak of, people are appears that he must accept out regulation: schemes that Prince Abdullah, the conserva-night create popular demand tive commander of the National for representation (like mili-

for ever be a cipher. formal system works, it must The burden of political be remembered, first that tradi-demand is for greater consulta-



Crown Prince Fahd bin Abdul-Aziz al Saud. effectively the country's chief executive

kind) are opposed for exactly extent, greater rectitude. Embarrassed by the Mecca fiasco, the Royal Family may need to give up a portion of its power if only to forestall a polarity of rulers and ruled. It

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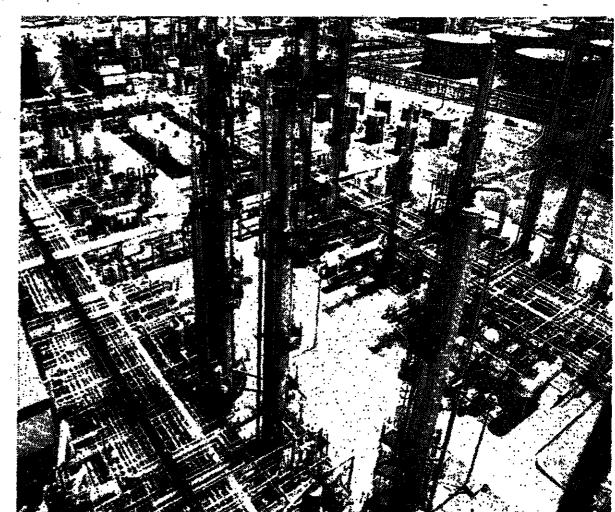
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Areas of military weakness revealed

IN THE PAST 15 months, the match the forces of one Yemen whether the National Guard ground officers who form the Saudi Arabian armed forces have shown to be as weak and feebly-led as most informed. people—excluding sycophantic arms salesmen, the New Left and, in its more foolish moments, the Israeli general

staff—knew them to be. First, in February, 1979, the Kingdom dared not make the slightest gesture of military support from its own resources for its ally North Yemen when a small, but dangerous, border war with South Yemen flared up. It was obviously out of the question to send in large-scale military reinforcements, but a flypast of Saudi F5s and Lightnings over Sanaa, the North Yemeni capital would have stiffened morale there and alarmed the South. As it was, the Saudi forces, though placed on the alert, did nothing, and Riyadh called instead on the U.S. to bolster North Yemen with arms and to reassure faint hearts in the Kingdom itself, at the same time. Secondly, the Saudi National

Guard and the army are generally considered to have badly mishandled at least the initial stages of the siege of the Grand Mosque in Mecca in November and December. Soon afterwards a new chief of staff, a new army commander and a new air force commander were

appointed. Th earmed forces of several other Arab countries would not necessarily have acted any dif-ferently in either case, and considering the low quality man-power base and the sophisticated equipment they have to learn to handle the Saudi forces may be up to par. But the question ought to be asked, both by the western countries which supply Saudi Arabia with arms and depend on its oil supplies, and by Saudi citizens, who see a tihrd of the national budget going on defence and security, whether the Saudi forces are developing in the best way to become an effective deterrent and defence force against the Kingdom's enemies.

Vast spaces

regular forces of only about and is deliberately intended to 44,500 men, supplemented by a be a counter-weight to the regu-further 26,500 paramilitary lar forces, a defence for the further 26,500 paramilitary forces, including the National defending the vast wastes of many of the tribes. the Kingdom and its principal oilfields against a large, well- lar and territorial, the latter to equipped invading force, let be called up in emergency—it

would be extremely unlikely Vinnell corporation finished that the Saudi forces could training four mechanical batwithstand an Israeli attack in talions in the north-east, or an attack army maintains a mission of by the combined strength of the technical specialists who advise built around different aerospace Family's interests that the two Yemens in the south-west, at headquarters, plus an encompanies and has no solid forces be too efficient, too well

on its own.)

cal contingencies, and any. The regular army, which num- the regular services with only invader would be strongly bers 35,000, has no specific coun- about 1,500 men. Together with deterred by the enormous ter-insurgency units, (unless the coastguard they operate a expanses of sun-blasted sand one counts the parachute bat-number of fast patrol boats and separating the Kingdom's major talion). But it has an astonishing hovercraft an diately acquired centres of population and power quantity of equipment in hand four from each other and from the border. And if there were an tively small numbers. It has sweeping the Strait of Hormuz invasion from any country but plenty of armoured cars and at the entrance to the Gulf. Israel Saudi Arabia could other vehicles which give it

occasionally on · the attacks in the border zones-to raid oases and murder sheikhs, needed to sustain a large tank

amounts to an effective counter- backbone of other air forces.

But these are highly theoreti- insurgency force.

mishes of the kind that flare 30 tanks and the other in the process of acquiring American Kingdom's border with South M-60 tanks, each with its own Yemen and, more recently, distinct support group, one North Yemen; and terrorist French, the other American. Given the enormous logistics

DEFENCE

JAMES BUXTON

for example—and to sabotage the oilfields.

The Kingdom's chief defence requirements would therefore seem to be: a strong and effective air defence system, consisting of both aircraft and missiles; a well-co-ordinated, highly mobile army capable of being air lifted to trouble spots for tough fighting demanding high initiative; a force well-trained in counter-insurgency tech-niques; and a useful coastal navy to guard the long Gulf and Red Sea shores.

How well do the Saudi armed forces match up to these requirements?

First, it should be remem bered that the forces are divided betwen the regular army, navy and air force and the National Guard. The first three are under Prince Sultan's Ministry of Defence, the last under the totally separate command of Prince Abdullah. The National Guard is designed as an internal defence force responsible for No one seriously expects that guarding cities and the oilfields Royal Family and a means of would be capable of making use of the loyalty of

Divided into two parts-reguaione launch any serious effen- is more lightly and simply sive. equipped than the army. equipped This means that in combat it Recently, though, the American corporation finished using Commando the north-west, an Iraqi attack armoured cars, while the British

force over the distances which fighting in Arabia involves, it is difficult to see what the tank forces would ever be able to do, and they see mto represent a major diversion of mannower away from infantry fighting to prestigious but complex and expensive mechanisation.

The air force is probably the most professional branch of the forces and has a solid basis in the training and support role performed by the British Aero-space Corporation (BAe), which runs both the King Faisal Air Academy, training pilots, and the Technical Service Institute training ground staff.

The company also provides armament support, construction supervision, medical services and so on, and services the 18 Lightnings which are the Kingdom's interceptor force and the two BAE Strikemaster squad-rons which are classed as counter-insurgency / training units. Trainees of BAe then go on to fly the 65 Northrop F5E fighter bombers, the 36 Lockheed C130 transports as well as other units which are in the hands of training teams from respective American

aerospace companies. The ir force will shortly be disrupted as some of the best pilots and technicians go to the U.S. to train on the highly sophisticated F15 fighters, which will probably eventually replace the Lightnings as interceptors.

A major weakness of the air force is that despite the core

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or on order considering its rela- which could be useful for

reasonably expect help from its flexibility, but an enormous expanded; both its procurement chief ally, the U.S.

amount of the army's strength programme and the supervision.

Far more likely threats are and manpower is conceatrated of the building of bases both the possibilities of air attacks in two heavy armoured units. on the Red Sea and the Gulf Saudi cities; border skir- one equipped with French AMX- is in the hands of American

As well as polarised according to manufacturer with each arm (except the navy), the regular forces are poorly co-ordinated with each other, even excluding the National Guard.

Co-operation between the army and the air force is still in its infancy, despite the large transport fleet, and air defence is split between the missile batcovering the oilfields, Riyadh and the Mecca-Medina-Jeddah triangle, and the Lightnings operated by the air force.

The entire defence establishment, including the National Guard and the intelligence organisations under Prince Naif, Minister of the Interior, are

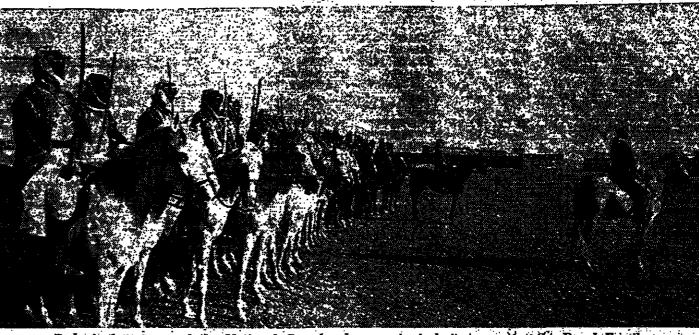
never see as a whole.

These problems were obvious at Mecca where the overall commander, Prince Turki bin Faisal, the head of the Directorate General of Intelligence, was imable to co-ordinate the Ministry of Defence forces (primarily the army) and those of the Ministry of Interior under Prince Naif. Most of the Goverament deaths were caused by a foolish attempt to land a helicopter under heavy fire, in broad daylight in the centre of

Problems also arose in the National Guard where officers from the modernised battalions were put in charge of men from the unmodernised units. These refused to obey orders from anyone but tribal officers, and some men deserted.

The basic reason for the way the forces are developing is that the Royal Family is well aware that Third World regimes are usually overthrown by the armed forces, rather than anyone else. It wants to have reasonably big forces, for reasons which include the need for a national virility symbol, and to be able to fulfil some obligations to other Arab states (Saudi Arabia sent 700 men to the Arab peace keeping force in Lebanon).

The Kingdom wants to defend itself against external attack. But the need to defend the provided by BAe it is still to a Royal Family comes first and it large extent a collection of units is not considered in the Royal The Saudis might be able to gineer team. It is hard to assess administrative base or corps of coordinated or too used to show-



Bedown horsemen of the National Guard, whose main task is to protect the Royal Family. Other units of the National Guard use armoured cars

ing initiative. So, itis not necessarily against the Royal Family's interests that the forces should be run with a careful eye on the commercial possibilities open to those wh orun the defence

establishment with such colossal defence spending (defence and security took up a third of last year's official SR 160bn budget and several defence items are known to be excluded from the budget-the Kingdom is the seventh biggest defence in the world and the country which spends the most on defence per

ead of population). The bulk of the spending is on physical infrastructure, ranging from mbilitary bases to equestrian clubs, rather than on weapons purchases, but on the procurement side it makes commercial though not always military sense to play one supplier off against another. It is also a big Saudi contribution to re-

cycling its oil wealth.

The diversification of sources and the general emphasis on equipment at the expense of training in actual fighting and mechanisation at the expense of walking must retard the development of the forces effective fighting units.

equipment; but they are much less good at maintaining or repairing it: that will depend for many years on foreign technicians there are 10,000 Americans attached to the U.S. military mission alone, and BAe has 2,000. T heir role in war to internal upheaval is

uncertain. spires people to this. The military is anyway and often critically. hampered by the national mansive pay rises have lately done much for recruitment (the number of the people at the air force's Technical Institute has more doubled in the past year). Discipline, in both the army

and the National Guard, is law--soldiers recently to be forbidden to drive taxis, which they used to do in working hours, while officers can often be seen supervising the building of their villas:

Conscription is desired by Prince Sultan, though this would initially weaken the forces by drawing manpower into training roles. He and in the process of developm other princes see it as a way but could theoretically meet of inculcating some national kingdom's needs; but the ki means of strengthening the

From the Royal Family's It may be esigned that the point of view it is not certain general level of attack of comwhether keeping the armed forces divided and busy "absorbing" their equipment stops them acquiring the modern ideas which are the first step to politicisation. Technical training of any kind inspires people to think broadly

New ideas

The air force was the source of coup plots in 1969 and 1977 In the army there are said to prepared fer. be conflicts between young be conflicts between young In the event of a bigger con-officers who come back from the flict, Sandi Arabia could reason-U.S. bristling with new ideas but frustrated to find their commanders are of a more tramanders are of a more trapublic agreement on the U.S.
ditional hue. There are signs having military facilities in the
that more officers resent being Kingdom and prefers to leave
members of what is in many that to countries like Oman and respects a commercial organi Somalia, with which it seems

criteria set out above? The air numbers, of American equipdefence system and the navy are ment and personnel at virtually but could theoretically meet the be far easier for the U.S. to use kingdom's needs; but the king Saudi facilities; in a time of spirit and rigour into Saudi dom does not possess ground emergency, than it would those life rather than purely as a forces of the balibre it should of other states in the region—

Third World is far less than it appears on paper and that most countries are not really threatened.

Unfortunately, that is not the case with Saudi Arabia, at least three of whose neighbours— Israel, South Yemen and Ethiopia are military powers which take combat training seriously and could stage just of coup plots in 1969 and 1977 the kind of border raid that (the later a very feeble affair). Saudi Arabia appears so ill-

ably expect the U.S. to step in. Saudi Arabia does not want any that to countries like Oman and How well do the Saudi defence deals, but unlike those two forces meet the objective countries it already has large all its military bases. It would emergency, than it would those

Policies are undergoing intensive review

THE POLICY of all the OPEC deal with the Soviet Union): any Saudi nationals to do the receive about \$260m over three l-giving states is now under intense scrutiny. In the wake of the doubling of the oil price in 1979, there is mounting pressure -both from the developing and the industrial countries for OPEC — to compensate Third World states for the damage their balance of payments are

This comes on top of the mounting anger of the African countries at the only partial fulfilment of the four Arab states' pledge of \$1.449bn in aid over the five years to 1982 given at Cairo, in 1977. And the Brandt Commission hads made its own contribution to the debate, while virtually ignoring the fact that the OPEC countries are already substantial aid

donors.
Saudi Arabia, as the biggest aid donor in OPEC, and one of the four biggest aid donors in the world, is not taking a very prominent patr in the debate-its decision-makers' attention is focused on the more explosive

foreign policy issues of Afehanistan. Irah. the Yemens and Palestine.

Rather, the muddled and obscurantist Saudi aid-giving machine is more interested in trying to sort out its own inefficiencies and contradictions than in confronting global policy issues. For the past two years, the Saudi aid-giving operation has been under intensive internal review.

Early estimates

Preliminary estimates from OECD indicate that the Kingdwom's disbursed aid rose in 1979 to \$1:9bn, compared with \$1.5bn in 1978. There was an increase in bilateral and multilateral aid and an important reason for it was the increase in contributions to the Arab front-line states—Syria and Jordan and the Palestinians agreed at the Baghdad summit of November 1978. The 1979 figure is still less than the record \$2.4bn of 1977.

The bulk of Saudi aid is in effect programme aid — direct budgetary or balance of pay-ment ssupport as opposed to aid tied to specific projects (project aid). The kingdom is supposed to grant \$1bn a year to the confrontation states and the Palestinians under the Baghdad agreement, in which previous commitments under the Rabat and Khartoum summits were subsumed, and from which contributions to Egypt were subtracted.

Under this heading comes annual budgetary assistance for North Yemen, for which the sum of SR 345m was agree din June, last year. (In fact, the flow of this aid was cut off later in the year as a sign of displeasure with North Yemen for concluding an arms

Under this heading would also come such things as contributions to Afghan rebels and presents to visiting heads of

·Saudi Arabia is also a big

contributor to multilateral Arabm, OPEC, Islamic and UN aid funds. The bulk of the kingdom's multilateral capital contributions were made in 1974 and 1975 as a spate of new or enlarged financial institutions were capitalised. But this year, for example, the kingdom agreed to donate \$55m to the UN's World Food Programme for the years 1980 and 1981. The kingdom will be the largest donor to the programme. Both programme and multilateral aid is disbursed by the Foreign Ministry on the instructions of

the council of ministers.

Despite substantial amount of money it comstaff admit and outsiders who deal with it confirm that the fund is in some disarray short of staff from the doorman upwards, and barely able to keep pace with its workload

Contractors depending on funds authorized complain of intermination complain of intermination complain of intermination of the complain of the complaint of the complai six months and two trips to Riyadh to get an allocation for a new pencil sharpener." one embittered contractor recently complained. As in many Saudi institutions, the senior Saudi staff are decisive and industrious, but their underlings, both Saudi and non-

Witteveen facility, which was a source of part of the funds to which the IMF provided Sudan. But the object of the IMF agreement was to give Sudan the seal of approval so that other sympathetic states would make programme aid grants. made a loan of \$300m to Sudan The kingdom, subsequently

ears. Saudi Arabia had bee

the biggest contributor to the

But two-thirds of it is ear-marked for projects, including a new port and airport, which are arguably of only medium priority and which, if imple-mented, would mean sit the breaking its agreement with the IMF not to commence new projects, but to concentrate on finishing or rehabilitating old But Saudi Arabia's project

aid is easier to control and easier to understand than programme aid; the crying need of developing countries, however, is for fast disbursing funds and these Saudi Arabia is reluctant

to supply.

Now the kingdom's reassessment of its aid policy has been overtaken before reaching any firm conclusions by the plethora of proopsals from different quarters for a far bigger transfer of resources from the OPEC states to developing countries. The proposals include those of Venezuela and Algeria for a new OPEC aid agency with a capital of \$20bn to give payments support to poorer countries; there are the proposals of the Group of 77 developing countries made at last year's Manila conference; there are proposals for expanding the IMF and the World Bank; there are the proposals of UNIDO; and there is the Brandt Commission, call for the OPEC countries as well as the industrial states to transfer their resources to the third world.

The kingdom is certainly prepared to consider all these ideas, though Sheikh Aba al-Khail says he wishes they could be filtered so that the kingdom would have only to consider one composite proposal.

But the kingdom generally resents the implication that the poor countries balance of payments problems are entirely the responsibility of OPEC, particularly as it fought hard but largely unsuccessfully last year to prevent oil prices rising too fast. It resents the implication that it is a grudging and stingy

aid donor. Yet in a reference to the fact that the bulk of OPEC (and Saudi) aid goes to a few near-neighbours of the Arab oil states, Mr. Abdullah Alireza, the Deputy Foreign Minister, told the Financial Times: "I can't enter an argument with you about some countries getting

FOREIGN AID

JAMES BUXTON

ment (SFD) disburses most of the kingdom's project aid and administers those project aid at a diministers those project aid items which are technically funded by the Ministry of Finance. The SFD's operations have become somewhat obscure, since it has not issued a report covering the period since June 1978. Up to that time the SFD had committed some SR 10.3bn. Since then, the flow of announcements from the SFD's headquarters in Riyadh shows that commitments have continued steadily, including a colossal SR 840m loan to Turkey for a number of development projects.

What is not clear is the

crucial level, which directly affects recipient countries' current account balance of payments. Sheikh Mohammed Aba al-Khail, the Saudi Minister of Finance, told the Financial Times in March that a further SR 2bn had been allocated to the capital of the SFD, which would bring it up to SR 12bn.

current level that commitments

have reached, nor the rather

disbursement

Repeated requests information at the SFD produced only the fact that disbursements in 1978-79 were 43 per cent higher than the figure for 1977-78; the actual figure for 1977-78 was not released. It is known, however, that by early 1978 the SFD had disbursed

about SR 1bn.
The SFD said it was not more forthcoming with information because only Saudi nationals are allowed to compile the fund's overall accounts - and given the national manpower

Saudi, often are not A strong and effective SFD could become the leading institution in a restructured and reoriented Saudi aid programme. It is generally acknowledged within the kingdom, especially in the Foreign Ministry which appreciates that aid is one of the kingdom's chief foreign policy weapons, should be made not just more efficient but more cost-effective. The kingdom has no clear strategy for what it wants to achieve with its aid programme nor how it can most economically achieve its aims.

What, for example, should the kingdom's attitude be to programme aid for developing countries in dire economic straits, as opposed to the Arab confrontation states who receive it for political reasons?

Deficits Sheikh Aba al-Khail accepts

that balance of payments deficits are the worst problem developing countries face as a result of last year's oil price rises and the price rises of 1973-1974. In the case of Sudan which now faces a foreign exchange resource gap of about \$800m 2 year, shortage of foreign exchange prevents the country buying oil and other imports, and so gravely hampers an ambitious development programme which Saudi Arabia is partially financing itself with project aid.

Last year, Sudan signed a three-year agreement with the IMF on an economic reform

Deutsche Bank, National Westminster Bank and Union Bank of Switzerland. المكالمن المعلى



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Kingdom's fortunes are soaring

SAUDI ARABIA is back in the six months approving payments land compensation payments, undue strain in the form of con-kind of financial position it last to contractors for work done disbursements by the SIDF gestion and inflation. ing its spending, and surplus fortunes have been transformed fortunes have been transformed over the past year by the made tighteer by the outflow of Agency (SAMA) pointed out in progressive doubling of the oil prize and the Kingdom's dollar interest rates) and local rates of spending, reserves city means spending money on increased levels of oil inter-bank rates were in the region of 17-18 per cent for one level by mid-1980, and it was irrational spending," he says.

Each month, Saudi Arabia should be earning about SR 23bn (\$7bn) from oil flowing at 9.5m barrels per day, and spend about SR 16.5bn (\$5bn). This should leave a net monthly surplus in the region of SR 6.5bn (\$1.95bn) to be invested abroad.

Yet, as in the years following the 1973/74 quadrupling of the oil price, Government spending is showing signs of rising to meet income — following the dictates of what Professor C. Northcote Parkinson called Mrs. Parkinson's Law.

Some SR 160bn originally budgeted for the current financial year, which ends in mid-May. But Sheikh Mohammed Aba al Khail, the Minister of Finance, recently told the Financial Times that as a result of supplementary allocations official spending would be in the region of SR 200bn.

For the 1979/80 financial year, total revenue, including non-oil revenue, is likely to be SR 220bn. The full annual benefits to the surplus the 1979 price rises will emerge in the next financial year, while for the current overspending its revenue barely calandar year SAMA estimates sank in, either at home or that the surplus will grow by abroad, then or later. Saudi at least \$20bn. Investment income is destined to become

many signs that the economy is ernment spending could be enjoying the upturn one would financed out of an oil producexpect from a government tion rate of 5m b.d. (This would spending 36 per cent more than only have been possible had the the previous financial year— of the cutback.) making this years increase the

level of economic activity. It has delayed by as much as defence

The result was that, at least Arabia's revenues are once more being until recently, contractors were started to decline from their accumulated abroad on a large having to borrow Saudi Rivals peak of \$60bn (at the end of scale. The kingdom's financial from the commercial banks in a 1977) gloomy voices in the definition put forward by Mi very tight market (a market Saudi

enjoyed in about 1976: its and accepted even in the case and REDF, and direct payments revenue is comfortably exceed- of highly reputable companies. to the royal family. As Saudi been raging for the past year overall

Arabian Monetary

JAMES BUXTON

THE ECONOMY

month money in early March. This highly conservative approach to spending followed the Government's growing alarm in 1978 and 1979 at the exorbitant rate at which it seemed to be consuming its revenue. Spending, in both 1976-77 and 1977-78, was far in excess of budget, and the Exchequer was only saved by revenue also exceeding predic-

In 1978-79 however despite painful efforts to hold back spending by the usual crude method of not paying creditors, compounded by customary bureaucratic inefficiency, the government recorded a deficit of SR 14bn after spending some SR 147bn.

Yet the extent to which the government was spending and businessmen talked angrily at the time of billions of rivals an important factor in Saudi being salted away when they finances. could have been spent while But it is hard so far to detect idealists were saying that Gov the SR 147bn actually spent in oil price doubled as a result

biggest for five years. Nor is it Kingdom's foreign exchange at all clear what the additional reserves was rather more funds have been allocated to. As striking than the budget figures in other' low population oil indicate because many big states government spending is expenditure items are not in the main determinant of the the budget in the first place So far, in fact, the Ministry money may have accounted for of Finance has been displaying \$30n to \$50n last year. Off-all the retraining instincts that budget items include the gas it developed over the past three gathering project in Eastern ers in holding back spending. Province, some substantial programmes, some

gradually realised that since 1978 the Government had made commitments infrastructure that outstripped its current income.

Of course, the oil price rises of 1979, which took the price of Saudi crude up from \$13.3 per barrel to \$26, came to the rescue of the reserves. But until well past the middle of last year it was not clear to the Saudi authorities whether the oil price rise was a temporary phenomenon or not and it continued to restrain spending. Though the Kingdom officially regards the surplus as a reserve fund of money waiting to be invested at home, rather than the basis of a future existence as a rentier, actually drawing on reserves touches nerves of parsimony in the Saudi official soul-as well it might, when at least one report the Government has commissioned told it that 60 cents in every dollar spent was going into excessively duplicated facilities.

Port congestion

The fact is that since the bottlenecks of port congestion and shortages were broken Saudi Arabia has developed a The running down of the tremendous capacity to spend and to absorb revenue, and are that it will emousy wirtually institutionalised system are that it will emousy of large commission payments principles both of fiscal of large mean that many restraint and of fostering downwards, have a vested while Saudis shipping out their interest in the government. Though the amount of money money may have accounted for spending as much money as to be allocated to Government.

> The term: capacity" is still used in connection with the economy by kingdom itself (but excludes Saudi officials and luminaries, aid and concessionary deposits but its meaning has changed:

But in the debate that has reserves or so over future spending

patterns critics of wastefu spending have adopted th Abdul-Aziz Dukheil, formerl

"There is no limit to irrational spending," he says.

Because of the scale of the economy construction work is still going at a furious pace, even on infrastructure and bousing, and unlike cities like Abu Dhabi or Muscat both Riyadh and Jeddah still have a distinctly unfinished look, while developers cleariv envisage each city stretching many more miles out into the

surrounding deserts.
Yet, for the visitor, the most striking thing about Saudi Arabia today is how relatively efficient things are: hotels are generally well run, food is good and the telephone works. The days of appalling congestion and misery are over. But the more thoughtful Saudis regard the economy's

current liquidity as being far from a blessing - a "disaster what Mr. Abdul-Aziz Dukheil calls it. He argues that coming after a time when Saudis were beginning to face up to the need for fiscal restraint it can only stimulate consumption of a kind which even Saudis regard as wasteful and foster a psychology that makes Saudis think they don't need to work. He, and many like him, would

wish to see oil production brought down to a level that produced just enough income to meet reasonable spending needs. The trouble is that Saudi Arabia is such a big oil exporter that a substantial drop in oil produc-tion — well below the 8.5m b/d official "ceiling" now being breached — would almost certainly lead to compensating oil price increases which would restore income levels.

Yet, all the indications about the Kingdom's new five-year self-reliance among Saudis.

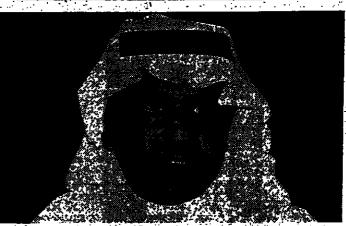
spending during the plan absorptive period, which includes all government spending on the has risen abroad) from it used to mean that spending SR 832bn to perhaps a little over

GOVERNMENT EXPENDITURE AND REVENUE (SRbn)

	Expenditure Actual Budget	Revenue Actual Budget	Surplus/ Deficit
1975-76	81.7 110.9	101.9 95.8	+ 20.2
1976-77	128 110.9	135.9 110.9	·· + 7.9
1977-78	138 111.4	141 146.5	+ 3
1978-79	147.4 130	132.8 130	14.6
1979-80	200* 160/200*	220 160/220*	+ 20*
	1976-77 1977-78 1978-79	Actual Budget 1975-76 81.7 110.9 1976-77 128 110.9 1977-78 138 111.4 1978-79 147.4 130	Actual Budget Actual Budget 1975-76 81.7 110.9 101.9 95.8 1976-77 128 110.9 135.9 110.9 1977-78 138 111.4 141 146.5 1978-79 147.4 136 132.8 130

* Estimates. Figures revised upwards in view of 1979 oil

Source: Based on published and unpublished official Saudi statistics.



The Saudi Minister of Finance, Sheikh Mohammed Abal al-Khail

article. Here only two points should be made: first, a very large amount of government -expenditure during the plan period will have to go to mainture at its present standard in a flercely hostile climate and a in the future young Saudis generally wasteful and inflationary environment. This the need for work and enterprise expenditure item could eat into by the subsidies on a wast range the allocation for new development projects.

pouring money into it any drep in the real level of state spending is likely of reduce the level of economic activity.

It would not matter much if this only meant foreign construction companies packing up and taking their foreign wor shortly afterwards by order of kers away with them; but their Crown Prince Fahd) there are departure will also hit the hous many fundamental problems to ing market (already over sup-creating a self-sustaining plied at the higher quality economy less dependent on gov-level), supermarkets, motor ernment spending (and there-dealers, travel agents, hotels fore on oil and gas), even with and other businesses and their the considerable investment in Saudi owners or part owners, manpowers development the many of whom are influential. Government is planning.

The Saudi technocrats argue The trouble is that there are that this would be no bad thing. 50 few other resources to Abdul-Aziz Dukhell: "What is develop—which is why Saudi wrong with recession in certain Arabia was such a poor country was limited by what projects SR 1,000bn, the figure will be areas—such as lavish consump until oil was discovered—and bureaucrats could dream up and in current prices.

authorise; now it is taken to The details of the plan and mean what the country can other crucial development issues people—better than being bad GDP as long as Saudi Arabia afford by spend without crucial development issues people—better than being bad GDP as long as Saudi Arabia afford by spend without crucial development issues people—better than being bad GDP as long as Saudi Arabia afford by spend without crucial development issues people—better than being bad GDP as long as Saudi Arabia afford by spend without crucial development issues people—better than being bad GDP as long as Saudi Arabia afford by spend without crucial development issues people—better than being bad GDP as long as Saudi Arabia

It is a view that would probably be echoed discreetly by Minister of Planning, believes strongly that one cannot sustain an economy on construction expenditure and that should not be cushioned from of items from food and elec-tricity to domestic airline tickets Secondly, as the economy which are an enormous drain depends on the Government on the exchequer costing more than SR 6bm a year.

> But, while he and Sheikh Aba at Knail the Finance Minister, would like to see subsidies phased out in due course he tried to cut them in last year's budget but they were restored shortly afterwards by order of

Expenditure on new plan may exceed \$300bn

Third Development Plan (1980- plans. 85), which is due to come into He operation in the middle of next of success as:

month. Indeed, relishing direct

The reductions of the acute strategy of the Third Plan outsaid, "the only one who knows is the Minister of Planning and he doesn't know."

In fact, there were good reasons for this imprecision. For there have been enough statements from himself, other ministers and advisers to make plain the priorities and size of

this forthcoming plan.

The Second Development
Plan (1975-80) is drawing to a
close and should generally be regarded as a success, and not just because Saudi Arabia's income is of such proportions that (in crude statistical terms) it was certain to exceed invest-ment targets. It did, as was the case with the First Plan. Then financial requirements were put at SR 56.2bn (\$16.9bn), and actual expenditure totalled SR 78bn (\$23.4bn). Under the Second Plan, expenditure was calculated at SR 498.2bn (\$149.6bn). According to Sheikh Hisham Nazer about SR 700bn (\$210.2bn) will have

The Second Plan has been successful in gradually altering the composition of the economy. Projections for the Government sector—12.9 per cent growth rate—have gradually decelerated from 23.9 per cent the first year to match the tar-

In the non-oil private sector constant prices has risen from the social consequences. 26.8 per cent at the beginning

A ministerial committee meeting last year studying the

ages.

should be strengthened and that

Success in reducing the rate that defence of religion, and of inflation to 10 per cent in the internal and stability of the last year according to official Kingdom should be asured. Furthermore, the elaboration

tionat training.

But he acids: "As the Second Development Plan was about 80 per cent infrastructure we are rolling over whatever projects we did not complete (in fact, worth some 200hn riyals \$60.10n) but there will be a reduction in the rate, but not the rolline in investment

• Tomprove the quality of life in the smaller and more distant

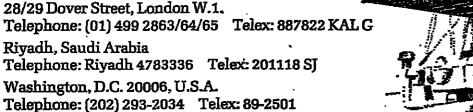
in infrastructure." in mirastructure.

Sheikh Hisham Nazer has also emphasised that in the plan itere will be an increase in the participation. the participation of the private sector." This would havolve in particular the Saudi Industrial Development Fund (SIDF) and the Real Estate Development Fund (REDF) The Planning Minister was concerned that a balance should be concerned.

be sought between encouraging the private sector to involve itself in more nationally oriented rather than profitmotivated projects and providing easy credits. Subsidies should be reduced, he says. On food alone in 1978-79 they amounted to 1bn rivals (\$300m) for a Saudi population which planners put optimistically and tactfully at the outside at

between 6m and 7m out of 9m. An important additional restriction on private sector operations was, according to this survey, the question of man-power. The Planning Minister emphasised this as being crucial servative estimates for oil he cited this and the question of inflation levels as being the to future calculations. Indeed, \$75bn and \$80bn this year, that two main reasons for his the expenditure in the plan mability to be precise about the costs of the next development

Even at the last minute stage, calculations were still being made to decide whether the reaching in the balance of payments \$35bn this year), it is reasonable to expect that the expenditure of the Third Plan should range between 7 per cent the best estimates for inflation based on domestic factors.



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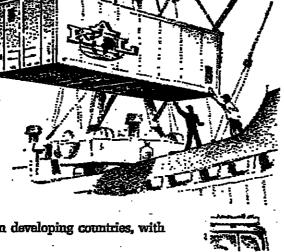
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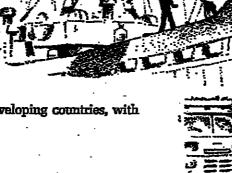
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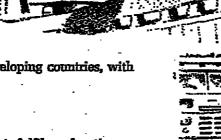
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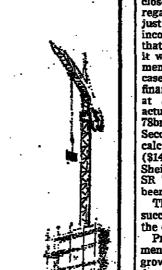
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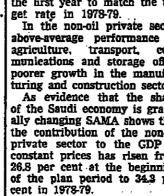


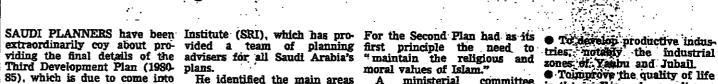












enquiries about the level of port congestion between mid-lined as the top two priorities these selfsame aims, adding that Nazer, the Planning Minister.

• Improvement in labour short the role of the sharia (holy law)

DEVELOPMENT PLAN ANTHONY MCDERMOTT

Variations .

above-average performance in that the level of statistical data agriculture, transport, com- available varies considerably. munications and storage offset One question raised by the poorer growth in the manuface seige of the Great Mosque in turing and construction sectors. Mecca was whether this would As evidence that the shape affect planning policy. The of the Saudi economy is gradu-point is made that one of the As evidence that the shape affect planning policy. The the expenditure in the plan of the Saudi economy is gradupoint is made that one of the allows for inflation, and that ally changing SAMA shows that reasons for the Sha's fall was the contribution of the non-oil that Iran's development was cope with surpluses (possibly the contribution of the non-oil that Iran's development was reaching in the balance of payments to the CDP at accelerated without thought for

Economic development of the plan period to 34.3 per Saudi Arabia has undoubtedly and inevitably caused some By sector, the achievements social disruption. But, at the of the Second Plan were out- centre of planners' calculalined at a conference in Hous-lined at a conference in Hous-tions has been this point, and about the first priorities. The three main objecting imports, ton, Texas, last December by they have seen no reason to priorities. The three main objecting imports.

The Saudi Government is con-Mr. William Grindley, a mem- adapt the Third Plan as a result tives are:— ber of the Stanford Research of the Great Mosque incidents.

Clear deflation in the cost of of the Third Plan came before construction.

To this should undoubtedly the midele of 1938, 14 of the be added the expansion in top policy and technocratic staff education at the primary and of the key ministries had been education at the primary and higher level. At the same time, is it acknowledged that the performance at the key level of vocational and technical schools was bad.

There is little doubt, too, that an important gain from the Second Plan was the experience in preparing and administering of the key ministries had been meeting to draw up strategies and goals. A year later, the council of Ministers established the spending target. The expenditure ceiling was originally set at 831.6 bn rivals (\$249.7bn) (\$210wing for an inflation rate of 7 per cent a year). Sheikh Mohammed Aba al-Khail, the in preparing and administering Mohammed Aba al-Khail, the a development plan. The Plan- Finance Minister, has since said ning Ministry, is at a disadvant- that this would be in excess of age in that its powers of patron- 900 bn riyals (\$270bn). age are less than those of other

However, as a result of both the rise in the price of oil and a re-appraisal of funds available and the demands of individual ministries, expenditure is It suffers, too, from the fact now likely to exceed R1,000bn

(\$300bn).
But given 'that SAMA's con-

fact, been reasonably explicit—and 18 per cent, roughly that about the Third Plan and its of the U.S., and therefore affect

CONTINUED ON NEXT PAGE

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storaç or bi indus We a Other organ

BANKING

DUNCAN CAMBELL-SMITH

Important changes ahead

SAUDI ARABIA has had less has changed because illiquidity added a limited amount of need of banks than most in the rival interbank market retail banking and, much more countries. Many young Saudis has choked the efforts of many important, the provision of enjoy the status of a big desk and the ritual hospitalities of office life. But few have any if not most, of their fathers still regard Islam as a bar to the navment of interest on cash the payment of interest on cash time deposits—and as an circumstances.

The money-changers of the soun still remain the preferred agency for many Saudis in their day-to-day financial affairs. Twenty four hour transfers of money from east to west of the kingdom are still far better left to the fabled devices of the Al-Rathi Company for Currency Exchange and Commerce than to the mercies of any bank . . .

neadly self-financing. Medium-enn funds have been available rom the six specialised credit And, for any shortfall, the taking 21.9 per cent (against ments. With international rates market, the Saudis cannot take specialised international 25.6 per cent in 1978) and community the arbitrage money out of the economy at the control of the c

dependence on foreign man-

labour amounted to only just over lon. but this is half the

size of most estimates, particu-

ment a gradual reduction in

construction and greater empha-

sis on management and main-

tenance will reduce the demand

for foreign labour. This will

be parallelde by the develop-

ment of a larger indigenous

workforce composed both of

graduates and of those studying

at vocational and technical

According to the official argu- prevalent.

It was an indication of the ulema or religious leaders.

The combined effect, in some important influence on the paymenu of Western banking in its latest accounts. This ment of interest under any techniques grows longer every rises to SR 44bn it all continuents and included and month. Dependence on the meals-on-wheels services of Bahrain's Off-Shore Banking been falling

Bridging loans

In the past, the substantial profits made by some of the commercial banks in Saudi Arabia have had a relatively Even the kingdom's business- narrow base. Most important towards any investment bankmen have had limited uses for have been bridging loans to ing activity—relying, that is, a Sandi banking sector. A finance contractors' expenditure on management skills rather Sandi banking sector. A finance contractors expenditure on management skills rather merchant community, swotten and importers costs in advance than balance sheet muscle—with surplus cash and threaded of the receipt of government have set Saudi banking apart that extended families, has been payments and sales revenues, from developments in Kuwait, respectively.

In the latest SAMA Annual

Nowhere is the contrast more Report, for the year ending interesting than in respect of May, 1979, the reported allocatine rates. In the Gulf, bank

power, Sheikh Hosham Nazer driving licences. For the taxi- such as education, medicine and was vehement that foreign driving profession was both the social services.

attracting people entering from

other professions and clearly

affecting, for example, the civil

larly when compared with a service, from which moonlight being able to provide sufficient six home truths for those of Saudi workforce of about 1.5m. ing during office hours was local work force for such enter- his generation who had thought

question of the employment of Yanbu and, of being able to

women. This was undoubtedly interest women, whose academic

But more miportant is the zones planed at Jubail and

Expenditure CONTINUED FROM PREVIOUS PAGE

dominates the whole sector,

ways ironic, is that the domestic shows total footings of SR 26bn gent liabilities are included and the same pattern is evident in other banks' statements. But these activities in them-

almost all of the domestic banking in Saudi Arabia. The limited number of banks

marketplace.

effects of the free market.

of the money supply.

Government has a huge pro-

gramme of infrastructural

expenditure. This is the source

By regulating the expenditure,

the Government has controlled

impressively: it was up only 14.5 per cept in fiscal 1979,

will. Capital outflows perform

mous, Dr. Ghazi al-Gosaibi the

Minister of Industry and Elec-

First, he said it was an illu-

But the fact remains that tricity in a lecture to King most people regard as remote Abdel-Aziz University in Jedah

the chances of Saudi Arabia at the beginning of March had

prises as the vast industrial that "wealth was the gateway

to Utopia."

in the kingdom, the absence of interest rate regulations, the lack of a domestic capital market and the slow progress Bahrain and the UAE.

paskers of Bahrain have been merce taking 33.9 per cent opportunities have naturally eagerly at hand.

(against 34.4 per cent in 1978). encouraged an exodus of capital. this function. Without them, dollar.

But this indifference to bank—NO 19—8/8½

The Saudi Minister of inflation would be impossible to In the ing is changing. The climate

To this business must be Finance, Sheikh Mohammad Aba restrain. With them, money can more

persons under 35 would be the areas already earmarked as having achieved them, even if

banned from holding taxi uncontroversial employment, financial resources are enor-

Saudia Arabia and its officials

Al-Khail, has acknowledged be "taken out" simply by not manyl times the problems posed putting any in, relying on the by high international rates, outflow to continue. drawing Saudi capital overseas. Nevertheless, concern over

He has consistently held that capital outflows has on occasions no short-term arbitrary solution been evident in Saudi Arabia is available-and that the longer as in the Gulf. But the Saudis selves have accounted for term remedy must lie with the have continued to show a markedly greater trust than some of their Gulf neighbours This may be easier for him to say than for some of his in financial markets and in counterparts in the Gulf. Saudi their ability to use them for Arabia has powerful social forces mitigating the sharper their own ends. The trust shows itself in the willingness to let borrowing rates rise in response More important, the Saudi

> on the private sector were up 75.9 per cent in the year to May 1979 and demand has continued high since then. It is not possible to quantify how much the growth of the money supply of this demand is accounted for by arbitrage speculation; but the latest SAMA Report does show residents' foreign currency But having no Government debt deposits rising rapidly.

The ability to use the markets predictable exchange rate between the rival and the

By March this year, some devaluation of the riyal was widely expected. Given a stronger dollar, this would have been consistent with SAMA's as the dollar had grown weaker. of the banking market owes in the banking sector in Saudi

a controversial issue in the records are often higher than dom had unlimited resources. compilation of the plan. Sheikh those of men, in being tele-second, he said, that money Hisham Nazer described it as phonists, typists, or in postal could not provide all the "one of the lievlist debates work (which the Planning answers. It would be an illutaking place" and said that Minister identifies) or even in sion to "belivee that any probability and said that work (which the planning answers is to be the provided by the provided that the provided the provided that the provided that the provided Noving the rival away from SR 3.36 to \$1, SAMA made it dearer (at SR 3.34 to \$1) instead of cheaper (at SR 3.38 their right to work—provided extending the operations of a lem could besolved by throwing it di dnot mean mixing with men—had been accepted by the Saudia Arabia and its officials Third, problems could not be to \$1 as was expected). Caught short of riyals, the market's Third, problems could not be dealers, particularly in Bahrain, and advisers are not sheer solved just by setting up suffered sizable losses in closing plan-worshippers, operating another body—a symptom of forward contracts:

to higher credit demand.

The commercial banks' claims

In this, SAMA was motivated arbitragers. Its action can tion of the market since the latter is effectively delineated by SAMA anyway. It was really a caution atht no small participants in any market should take for granted the actions of a dominating principal partici-

earlier revaluations of the riyal sion to believe that the King-But SAMA jumped the other



The twin towers in Riyadh which house the Saudi Arabian Monetary Agency, the country's central bank and investment authority

Unfortunately, trusting to the market is less straightforward in the area of interest rates. To begin with, their upward move ment has been leavened by the social and religious-pressures of a community very different from the West. The result has been a three tire prime rate.

For the best customers, rates vary from 7 per cent or less more by its known desire to to about 9 per cent on long-discourage international rival standing facilities. For addispeculation than by any urge to tional lines, rates are 12-14 per complicate the dealings of the cent. And for new Saudi customers and for non-Saudis, hardly be described as a regula- loan rates reflect the 17-18 per cent which now prevails in the interbank market.

> Such high rates as these imply a compromise with traditional Saudi society which is bound to cause some discom-fort. The problem is com-pounded by the Government's actions to restrain inflation and

The present sharp illiquidity much to the absence of contract. Arabia. It is an evolution which payments since early February and some relief is expected with the arrival of the new financial year, next month.

Lion's share

The "Saudi-isation" of the kingdom's banks—six down Bank based in London, anxio with four to go—is sure to to build their investment ba heighten the debate over rate ling income in the kingdom. extent to which the Government By the end of the Third Plan, plan-worshippers, operating another body—a symptom of forward contracts:

with four to go—is sure to to build their investment bank. This sum has been preoccupied by the he reckoned there would be under the belief that to have the "organisational delusion." Future moves are not prediction of employment that about 40,000 women graduates, enshrined priorities and alloca-. Fourth, was the belief that able, either in terms of the levels. National Commercial But the coincidence of these heart of Sau earlier this year it decreed that not necessarily wanting to enter tions almost tantamount to all problems could be solved dollar or of the SDR—which Bank and Riyad Bank, the changes with the unsettling ment plans.

(but perhaps accept a small commission of 23 per cent). With perhaps 75-80 pe rcent of their funds arising from this more conspicuous. source—they have virtually no interbank borrowings-they hav been protected from the sharper effects of higher rates.

The former British, French, Dutch, American (Citibank, due to give way next month to the Saudi-American Bank), Egyptian and Jordanian banks are namely labour . . the decline now allowed to have branches. of the work initiative is now They are keen to attract a greater share of the cheap leposits.

NCB and Riyad Bank have responded by expanding their materialistic regional teams, often with expatriate staff. The new joint- has developed stock banks (with 60 per cent ment of private initiative an Saudi shareholdings for the reliance instead on the state." most part) are similarly expanding. In both cases, the emphasis has fallen on the corporate finance departments.

These are the developments which portend a major growth will be encouraged by the needs of the expanding hydrocarbons industry and perhaps the investment activities of institutions such as the Arab Petroleum Investment Corporation and overseas banks, including Saudi International Bank based in London, anxious to build their investment bank-

the country yesterday had little looks set to become a good deal just be importing people and

material from abroad. Dr. Gosaibi went on: ' fifth of our development illusions pertains to hte erroneous beliefe that at present and in the future we can dispense with a basic human function. getting to be a widespread phenomenon: it replaced by inclinations towards

Finally, he said that another danger on the road to development to be avoided was "the notion that happiness can be obtained through wealth. authority and fame."

luxury and the pursuit of easy

This negative outlook to work

has developed into the abandon-

ment of private initiative and

benefits . .

He went on: "Once I had the belief that our desires would ever outstrip our wealth. was convinced that our wealth was the gateway to Utopia: I had not discovered the great peril embedded in the materialistic outlook, nor the harm of the spiritual void.

This sums up the spiritual and psychological conflict at the But the coincidence of these heart of Saudi Arabia's develop-

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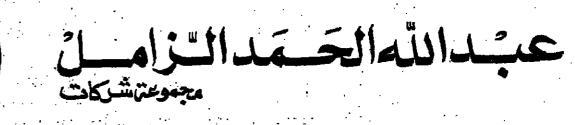
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Income may reach \$80bn this year

THE PRIORITIES and circumstances of Saudi Arabia's oil industry have altered considerably in the past few years. As recently as two years ago, the Government appeared to be planning to raise production to at least 14m barrels/day, and the U.S. was pushing for even higher levels.

Today installed capacity is politics of oil that to most Saudi officials the current production be raised by \$2 to \$26 a barrel, too high, although this sets them at odds with the Arabian planks of Saudi policy. Company (Aramco), the producer of 97.1 per cent of Saudi Arabia's oil

First, oil prices have risen so stupendously (for Arabian light from \$12.7038 barrel at December 1978 to \$26 today), that it is becoming both financially embarrassing and uneconomic to continue to produce at current levels. For Saudi Arabia the issue of conservation is less pressing than elsewhere. for at current output it is assumed present reserves would last for 60 years. Nevertheless income has risen enormously from \$37.6bn in 1978, to about \$50bn last, and according to the Saudi Arabian Monetary Agency (SAMA), it could be as high as \$80bn on the basis of average production of about 9m b/d this year. One estimate has put the balance of payments surplus this year at \$35bn. SAMA admits openly that the placement of surpluses is becoming increasingly difficult. Addressing the European Management Forum in Davos in February, Sheikh Ahmed Zaki Yamani, the Oil Minister, made the point, "Alternative invest-ments for surplus revenues are needed. Saudi Arabia produces and exports far more than it needs in regard to its financial requirements, and clearly leaving oil in the ground would at present be its best investment for its future." Or at least, the time will come when we will not renew contracts unless we have an agreement or technology transfer."

Sheikh Yamani went on: The sad situation that now exists is that every produced barrel of oil surplus to Saudi Arabia's financial needs is con-Arabia's financial needs is con. to obtain a fair deal for the verted into dollar investments Palestinians. Saudi Arabia in existing money markets, where inflation sees to it that where inflation sees to it that arate oil from politics and from teams (including a double in real terms only negative making the explicit threats, team) operating. While experts returns are earned." In an which it feels are its due, have are are convinced that no finds only production of 5m b/d "to in Iranian production. live comfortably with all our

OIL

ANTHONY McDERMOTT

times have gone when Saudi in- Israeli conflict. Only the applifluence on prices was ultimately cation of the UN resolutions 12m b/d, and production levels paramount. There was no giving a homeland back to the could be sustained at about 1m clearer example of this than Palestinians will resolve the barrels less. But such have been the announcement earlier this situation. It can be assumed the changes in prices and he year that the price of the refer- that the West will pay a heavy ence Arabian light crude would price if the conflict is not level of 9.5m b/d, 1m above backdated to January 1. The course represents one way this the ceiling the government set intention was to bring some might happen." While Saudi at the beginning of 1978, seems pressure on other producers Arabia would be extremely too high, although this sets towards prices, one of the main hesitant to use the oil weapon Unfortunately the effect was

just the opposite, with other Gulf countries, and African producers all imposing further surcharges on their oil prices.
On production levels, Saudi
Arabia announced in March that 9.5m b/d would be sustained at least for the second quarter of this year, after a considerable degree of wavering and self-doubt. Sheikh Yamani, who has been highly critical of consuming countries than they are being described to the consumination of accumulating both strategic and consumer oil surpluses pins his hope of reunification of prices on the absorption of crude oil surpluses reaching its limits. By the summer, he would hope, the oil producing countries will have a good chance to sit down and reach a unified prices

Third factor

An important third factor is International politics. The events in Iran — reducing Iranian oil production by two thirds to about 2m b/dm—and the overthrow of the Shah have indicated how a society can be disrupted by overrapid eco-nomic development, and an apparently well - established ruling class swept away. The Union's invasion of Afghanistan plus the likelihood fields were found, four onshore that later this decade, Russia and one offshore, bringing the will be seriously in the market for Middle East oil, have reaffirmed some of Saudi Arabia's worst fears about Communist intentions.

The U.S.-engineered peace between Egypt and Israel has created further worries. The Kingdom is fully aware that its oil is potentially the most powerful weapon for bringing pressure on the U.S. wavers between trying to sep-

Secondly, Saudi influence Camp David resolutions can pro-within OPEC has waned. The vide any solution to the Arab-

resolved. The oil weapon of for fear of what it might do to Western economies, the political dilemma which it has been trying to avoid is a confrontation which it had to choose openly between Arab and western interests. Already in

that context it feels awkward

at being aligned with the "immoderate" Arab states

Saudi Arabia's oil strength may be judged from the fact that its reserves expand faster than they are being depleted.
Arameo, in which Texaco,
Socal, Mobil and Exxon still
have a 40 per cent stake, last year produced 9.25m b/d compared with 8.066m b/d in 1978 and the previous peak in 1977 of 9.02m b/d. Saudi Arabia's from wells in north Ghawar, total production, when its share shut in because of salt. fro mthe neutral zone with Kuwait through the Arabian Oil Co. of Japan (197,600 b/d). and the Getty Oil Co. (£80,900) is added, reached 9.53m b/d. Aramco put proved and probable reserves in 1978 at 113.3bn and 177.8bn barrels, and, as a result of new discoveries, both are now up by about 100m

barrels. In 1978, three new oil fieldscovered. Last year another five fields were found, four onshore total number found to 47. Of these 15 are in operation and linked to the pipelines network. The largest fields are Ghawar, on shore (1978 reserves esti-Abqaiq, barrels).

policy, at the behest of the Saudi Government, that As Sheikh Yamani said at areas all in the east of the Davos: "We do not believe the Kingdom, Saudi Arabia's reserves can continue to expand

of existing fields and the dis- been operating on the assumppleted onshore and offshore for all purposes, and this number was increased considerably last

maintain production levels, Aramco for more than a quarter of a century has been injecting gas to keep the pressure of reservoirs up. Since the etarly 1970s Aramco had been using salt water from prehistoric reservoirs for injection in the Ghawar field. In June last year, the first stage of the largest seawater treatment plant in the world, was opened at Ras-Qurayyah. At present 4.5m barrels/day of treated seawater is now being jumped into the north Uthmaniya area of Ghwar. By 1982, with the completion of five more units, a further 3.6m b/d will be being injected into the Ain Dar and Shedgum sectors of north Ghawar. Costs so far for this project have amounted to \$750m. In addition, Aramco has been opertaing facilities to remove water and selt produced. remove water and salt produced in association witho il in matur-ing fields. In 1978, this capacity, used for north Ghawar and Abquiq, totalled 475,000 b/d.

The order in the summer from IHI of Japan for four new desalting plants, will result by 1981 in an additional 1.3m b/d of crude being made available

covery of small fields. In 1978, tion that it has been taken over a total of 120 wells was com- completely by the Government. In fact mention of the intention to take over Aramco was first made in 1974. Talks began four years later and general terms arranged back-dated to January 1, 1976. Compensation has been settled, and ultimately it would be taken over by Petromin, which would become a National Oil Corporation. And yet, although Sheikh Yamani has frequently spoken and written of the formal take-over occurring shortly, it

It may appear anomalous that the largest OPEC producer is still not theoretically master of its own house. But it appears not to matter, as Aramco, as its officials concede, operate in terms of production and orders as if the takeover had occurred and as if it was a service com-pany. Cynics add the footnote that perhaps there is an added incentive in the four com-panies operating at full stretch through still having a 40 per cent participation rather than a completely new relationship. It is suggested, too, that there may be some dissatisfaction with the agreed production fee allowed per barrel, and the extent to which it covers the investment for the development of wells and further exploration. In addition, although it tends to be underplayerd, Aramco's entitlements vhich related to levels of For some time, Aramco has liftings are under dispute.



Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, at an OPEC meeting, Sheikh Yamani has consistently pressed for moderation in the cartel's pricing

Expenditure on a huge scale

enormous natural gas-gathering Government and the Arabian American Oil Company (Aramco) to this project.

Its history is now well-known. Saudi Arabia started in 1974 to investigate the feasibility of exploiting associated gas reserves. The original cost estimated at 61bn barrels, Safaniya mate by Texas Eastern Trans- the Saudi Cem (the largest offshore field in the mission Co. of Houston was plant at Hofuf. world, 13.5bn barrels), and \$5bn. In February 1975, Aramco Abqaiq, onshore (6.5bn was assigned by the Government was assigned by the Government the task of designing, construct-But it is deliberate Aramco ing and operating this system. Since then costs have rocketed, to \$10bn at the end of 1975, and exploration should continue. As \$16bn a year later. Currently in 1978, there were six seismic costs could exceed \$20bn, making it one of the largest con-

tracts ever awarded. Three main factors account interview, he reckoned that ing, in part kept oil production on the scale of the giants will for this escalation in costs. ful Saudi Arabia Fertiliser intervals. Each module will be Saudi Arabia would require at 9.5m b/d to offset the fall be made, they are confident First, in the initial planning Company SAFCO) draws 43m independently capable of prothat in Aramco's six retained stages detailed costing had not areas all in the east of the been fully done so that costs soon moved up swiftly. Second, inflation inevitably took its toll project being pushed through at a time when Saudi Arabia's th Gulf and Yanbu on the Red

Sea also increased costs. The Government seems unperturbed by the prospects of massive expenditure. Furthermore, once the premise is accepted that Aramco's oil production should be in the region of 9.5m barrels/day then logically the development of gas gathering system of these pro-portions and thereafter related heavy industry follows.

With the exception of three small natural gas fields. North and South Kidan, and Suhul, in Aramco's Retained Area No. 5 in the Rub' el-Khali Empty Quarter, Saudi Arabia's gas is produced in association with crude oil. Four-fifths of this gas at the end of 1978 proved and probable gas reserves to be 66,715bn cu. ft., and 112,912bn cuft respectively. Thus gathering gas, and the average rate is 600 cu. ft./day produced with will reduce a waste of resources. Furthermore, it will provide cheap feedstock for the country's ambitious industrial strategy based on the development of the petrochemical and metallurgical Projects in the Jubail and Yanbu zones. This, it is hoped will strengthen the Kingdom's efforts to diversify its economy and also provide substantial income in addition to that earned from crude oil sales. Aramco already has a gas

GOSPs, whose numbers have since risen with the commission- is ahead of schedule. The plant and 305,000 b/d of NGL in gof new plants. The existing consists of four identical gas-Aramco system is used partly for re-injection of gas back into oilfields to keep up reservoir pressures. partly for some locally used fuel, and partly for the Saudi Cement Company

In addition, the now success-

THE PACE at which the gathering system in operation into four GOSPs. Last July the which, according to its 1978 first of a two-module sulphur

The second plant at Shedgum

GAS

ANTHONY McDERMOTT

3 at Abdaid for the production of mainly urea, but also ammonia, sulphur and sulphuric and was exacerbated by the acid. (Incidentally, SAFCO pays only pipeline costs for its feedstock.) Other gas is gathered infrastructure was severely con- at Abqaiq for pumping after gested. Finally, the decision to separation into natural gas extend the scheme to include a liquids (NGL) to the fractiona-eas pipeline between Jubail on tion and treating plant at Ras

Process

Basically, the fractionation process consists of passing the ethane-plus-NGL feed through a de-ethaniser column, a depropaniser column and a debutaniser column where the into ethane, propane and butane and natural gasoline as a result of controlled vaporisation and condensation.

Aramco's plant at Ras Tanura first began natural gas liquids (NGL) production from asso-ciated gas in 1962. Its production had risen in 1978 to 249.341 b/d of NGL, but capacity has now risen to 360,00 b/d, and production last year reached

312,000 b/d. There are five main elements in the new Aramco-managed system, which is designed overall to collect and process a total of 3.5bn cf/d. This is consonant with an oil output of 7.5m b/d. (Compared with the terms of an earlier plan, this represents a reduction from 5.5bn cf/d, associated with crude liftings of 12.5m b/d.)

power generation) and produces first propage and butane ship-54,000 b/d of NGL. Oil from ments will be made. the offshore Berri field flows

1.5bn cfd.

According to Aramco, the Shedgum plant's daily product yield will be approximately 700m cf of sweetgas, 160,000 b of recovered NGL (propane, butane and natural gasoline), 780m cf of ethane and 1,600 tons of sulphur.

It is supplied through gathering lines from 10 GOSPs in the Shedgum and Ain Dar areas of the Ghawar field. The third element, the NGL

fractionation plant at Ju'aymah, close to Ras Tanura, began start up procedures in January with an initial flow of 1.9bn cf/d of methane, and 25,000 b/d feedstock from the 260m cf/d of ethane. The Berri gas plant. Start up former will be used inside the operations were brought to an end last month with an initial flow of between 40,000 and 50,000 b/d. The plant will reach its full capacity of some 300,000 b/d of ethane plus NGL when the four Shedgum modules become operational. The Ju5aymah complex, which was designed as the main fractionation and export centre for NGL for the Eastern Province system, consists, beside the fractionation plant, of an onshore terminal with refriger ated storage for up to 2.4m barrels of propane, and up to 1.8m barrels of butane, and offshore liquid petroleum gas (LPG) (propane and butane

together), loading facilities that are connected to the onshore 2.5m b/d.)

The first, the Berri gas plant, trestle because of the shallow-ras commissioned in October ness of the waters of Ju'aymah. was commissioned in October 1977, and processes 400m cf/d methane destined as feedstock for Jubail (or initially for by early May, at which time the

gas-gathering system is Uthmaniyab. It too could be natural gasoline, is for export. Jaladi and Wari'ah onshore in the northern part of the large feature is a fine indicator of the degree plants (GOSPs). Work is also module's capacity is 700 tonnes/ is to have the capacity of commitment of both the proceeding on additions to these day.

The system is the annual report, consists of 25 recovery plant went on stream completed ahead of schedule, to Refining the associated gas will at the Berri gas plant. Each wards the end of next year. It also leave Sandi Arabia with module's capacity is 700 tonnes/ is to have the capacity of consolidated phant for export. The system is is to have the capacity of conshout 3,900 tonnes/day of sulverting 1.4 cf/d of associated phur for export. The system is
gas into 325 m cf/d of methane emeady enormous—it will add

> months before the schedule to be linked by two pipelines start of the beginning of July one for oil (Petroline) and the The remaining three modules other for gas. Under the superciated gas—this would mainly will come automatically into operation at three-month Arabia, a joint venture of 800m of/d, as was originally Panama (a subsidiary of Techint conceived in the original plans.
>
> Of Italy and Argentina) and Whether the gas—gathering Abdul-Rehman Turki Corners—scheme will the a superses of thems. Abdul-Rahman Turki Corpora- scheme will be a success or tion of Saudi Arabia are build- failure will depend on two chief ing the gasline. Costing 350m factors. riyals (\$105m), the 26 ins-30 ins The gasline is expected to be opera- whether there could be a suraccompanying Petroline.

cu. ft./d of methane from GOSP cessing 375 m cf/d, to give Petroline is to be 1.85m b/d of whether there will be a market 2.45m b/d. Both pipelines are At this stage, it does not look under the control of Petromin, as though those projects will be design and construction for provide cheap feedstock. Petroline was won by Mobil. Predictably, the Saudi By 1983, it is hoped that the gasline will be supplying the Abdel-Hadi Taher, the Governor Yanbu fractionation plant with of Petromin, was already claim270,000 b/d of liquid gas proing last October that it had ducts. The ethane will be sold, at least in principle in the used to feedstock of the local form of letters of intent, all its available NGL up to the midpetrochemical complex.

In broad terms this whole project, whose separate parts are already beginning to interlock, is expected to recover Kingdom for desalination and power. For one of Aramco's additional original responsibilities was the expansion and infor the whole Eastern Province. This subsection of the overall development of the area-manaed by the Saudi Consolidated supplement

is ahead of schedule. The plant and 305,000 b/d of NGL.

10 per cent to the world's capaconsists of four identical gasprocessing modules. The first situated in Yanou, some 730 Kingdom the world's chief NGL is expected to be operating at miles away from the oilfields in exporter for many years—and it full capacity two or three the Eastern Province. This is could be even further expanded that off It has been estimated that off-shore oil fields producing asso-

> The first is the question tional by January next year. Its plus of feedstock for the indus-first task will be to fuel the 11 trial projects in the event of pumping stations of the delays in their construction. The second depends on the ultimate The initial capacity of 48 ins viability of these projects and the state oil and gas organisa able to plead as an excuse the tion, and the contract for the establishment of projects to

Predictably, the Saudi government remains optimistic. Dr. Abdel-Hadi Taher, the Governor available NGL up to the mid-1980s. It will consist roughly of 40 per cent propane, 30 per cent butane, and 30 per cent natural gasoline. And earlier this month, Mitsubishi Corp. Mitsui and Co. C.Itoh and Nippon Oil signed the first direct contracts for NGL and LPG, reportedly with each company buying 250,000 tonnes of each product. Dr. Taher told the influential, Nicosia-based. tegration of the electricity grid Middle East Economic Survey, that the prospects for gas liquids were looking very healthy indeed. "Earlier we had projected a surplus of NGL/ Electric Company (SCECO)—is LPG in the mid-1980s," he said. discussed elsewhere in this "But now we think the market will be more or less in a state The NGL, to be broken down of equilibrium at the time."

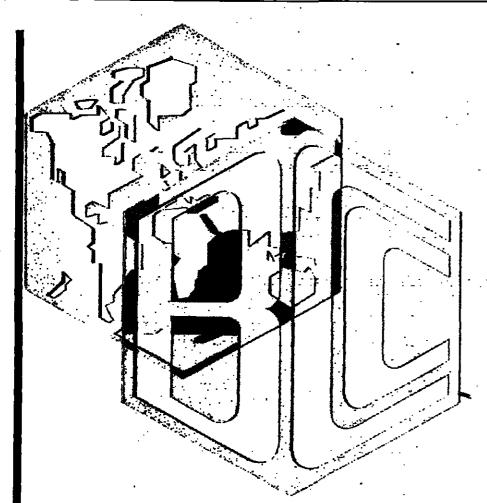
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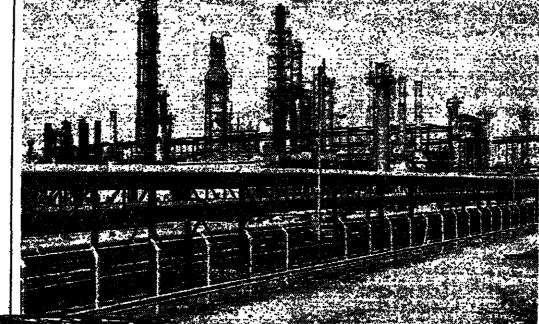
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Petromin's oil refinery at Jeddah

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- 2. Government Administration Complexes
- 3. Government Border Centres
- 4. Government Complexes Training Facilities
- 5. Hajj (Pilgrimage) Air Terminal Facilities
- 6. Traffic Lights, Controllers and Systems in all cities of the Kingdom

II. ELECTRONIC, ELECTRICAL AND MECHANICAL **ACTIVITIES**

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- Installation and expansion of permanent and interim electricity networks for Government Centres and Complex Facilities.
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- 1. Establishment and operation of four modern driver Training Schools in the Kingdom.
- 2. Road and Civil Constructions.

- IV. COMMERCIAL ACTIVITIES A. Representation of leading international concerns and procurement and commissioning of Electronic Equipment Systems and complete Turnkey Projects in the fields of:
 - 1. Traffic and Instrumentation.
 - Meteorology and Electronics; Radar, Equipment and Turnkey Systems, Navigational Aids, Avionics, Satellite Systems and Weather Stations.
 - 3. Air Traffic Control Equipment.
 - Instrument Landing Systems:
 - Telecommunications:
 - a. Telecommunication Operations and Systems b. Public Telecommunications Systems
 - Private Communication Systems
 - d. Microwave Systems
 - TV, Supply and Marketing of Videotapes.
 - 7. Representation of the American company Doron for the production of simulator equipment and electronic teaching aids for driver instruction, awareness and traffic safety.
 - 8. Representation of the Norwegian company Kongsberg for the gas turbine generators.
- Representation of leading Arab TV organisations.
- Production and distribution of TV Programmes and Series. Light and Heavy Mobile Workshops for various uses.
- V. PREVIOUS ACTIVITIES UNDERTAKEN BY THE

ESTABLISHMENT

- 1. Distribution of surface mail throughout the Kingdom.
- 2. Unloading of cargo from ships by helicopters.

VI, AFFILIATED AND ASSOCIATED COMPANIES AND **PARTNERSHIPS**

DALLAH AVCO TRANS ARABIAN COUNTRIES COMPANY LTD. (DATACC)

- Undertakes the maintenance and operation of vast civil, mechanical and electrical facilities in the Kingdom of Saudi Arabia and the other Arab countries. DATACC is currently implementing large projects in this field, some of which are:
- A five-year contract concluded with the Civil Aviation Department for the maintenance and operation of the civil, electrical and mechanical facilities, installations and terminal buildings and for the implementation of capital improvement programmes of (14)
- Civil Airports in the Kingdom. A five-year contract with the Ministry of Defence and Aviation for the maintenance and operation of the civil, electrical and mechanical facilities and installations and the implementation of capital improvement programmes for five Royal Saudi Air Force bases throughout the Kingdom.
- Various other maintenance and service contracts with Government Ministries, Agencies and Aramco.

2. THE MEDICAL CENTER COMPANY LTD. (MED-CENTER)

Specialises in the supply, installation and maintenance of modern electro-medical equipment with the co-operation of Philips and Siemens Companies particularly in the field of X-ray equipment. The activities of the Med-Center Co. cover hospital furniture, inpatient and out-patient clinics and turnkey hospitals and mobile hospitals.

3. THE ARAB MEDIA COMPANY (ARAMED)

Specialises in Public Media Services and the representation of leading Arab TV organisations and the production and distribution of TV Programmes and Series.

THE SAUDI PREFAB & PRECAST HOUSING CO. LTD. (SAPRECO)

Specialises in manufacturing prefabricated and precast housing units of various models.

5. DALLAH INDUSTRIES COMPANY LTD.

Undertakes the study, survey and implementation of medium and small scale industrial projects in the Kingdom of Saudi Arabia.

THE CONCRETE WORKS COMPANY

Specialises in the production of concrete and block elements for the Civil Construction Industry.

7. THE SAUDI AIR-CONDITIONING COMPANY

Specialises in the representation of leading International manufacturing concerns in the field of Air Conditioning Equipment. It also undertakes the design, supply and installations of Air Conditioning Systems for miscellaneous installations.

ARMARTEC COMPANY LTD.

Specialises in Rendering Services, Research and Technology activities related to the Environment.

THE SAUDI MARKETING AND TRADING COMPANY (SUMATCO)

Specialises in commercial activities with particular emphasis on the supply and marketing of Chemicals and Medicines.

10. Dallah Establishment is also involved in the activities of several leading concerns like Tihama Advertising Agency, Okaz Printing concern, Okas Publishing concern, The Saudi Arabian Hotel and Tourism Company, among others.

11. SAUDI ELECTRO MECHANICAL COMPANY (SAEMCO)

For power stations installation and maintenance and electrical network installation.

12. TRANS ARABIA SUPPLY COMPANY (TASCO)

Supply of material, equipment and services throughout the Kingdom.

13. NATIONAL EMPLOYMENT SAUDI COMPANY (NESCO) Supply of manpower throughout the Kingdom.

VII STAFF

The staff of Dallah Establishment and some of its affiliates amounts to about 4,000 employees comprising a large number of engineers and specialists in the various fields of civil and road construction, sanitation, power generation, air-conditioning and mechanical, electrical and electronic installation and maintenance activities. The staff also comprises about 1,500 specialised technicians and assistants to undertake the arduous technical responsibilities of maintenance and operation activities and the other concerns of the Establishment. The administrative staff comprises Top Management, Executives, Directors, Accountants, Translators and Study and Analysis Personnel, the remainder are Skilled Labour, Semiskilled Labour, Ordinary Labour, Drivers, Watchmen, etc.

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Life becoming easier as oil revenue rises

SHEIKH Abdullah bin Rimal students marshals a hundred black tents in the country about Jawf, on the northern margin of the

Nefud desert. Compared to the townsmen. his people are poor, and the rains have not been good. Already the young men are

away 11 months of the year, an effort away from consumption returning at the Ramadan holiday to shower their familes with "townee" cash. Sheikh Abdullah badly needs

boxes that are the first taste of settled life for so many beduin in Saudi Arabia.

An old man, Sheikh Abdullah approaches first the tradtional sources of patronage. The Amir of Jawf grants him some land, a strip of desent some way from the town, waterless, literally without value until five years ago. He flies to Riyadh, taking hs seat on the Boeing 737 without curiosity—and for the price of an English commuter rail

At the tower on Riyadh's Airport Street, which houses the Government's Real Estate Development Fund, he mortgages the Amir's land for a loan to cover the cost of building

At the offices of the Saudi Industrial Development Fund upstairs, he proposes a loan to cover half the cost of a concrete block plant: he does not trust operators in Buraidah and Dammam. The loan will carry a nominal commission, but he can hope to amortize the plant by supplying demand in Jawf. Life is becoming easier, in purely material terms, for all Saudis.

It would be surprising if this were not so, given the rising level of oil revenue since 1975 and a Saudi population of only 5m, inured, until recently, to a struggle for subsistence Per capita income is between \$10,000 and \$15,000, up to 50

North Yemen. Equally, the Saudi Government has not seen the need to the enormous and inflated cost of providing Saudis necessities of

comfortable life. Electricity is charged at a rate of U.S.1 cent per kilowatt that household incomes have hour—all the companies are followed the same pattern with subsidised—and few Saudis in the towns cannot afford to waste power in extravagant

air-conditioning. education, where they can be bias against construction and, provided, are free; university presumably,

To protect the public from inflation, the Government has subsidised basic foods and household goods to the tune of some \$5bn a year in 1979. That 1977 census surveys, is clearly year, the original State budget over three per cent. proposed a cut in subsidies as spending; a public outcry ensured the vote was restored.

The throne, and individual members of the Royal Family, land, money and building also disburse considerable sums blocks for the crude concrete in rather haphazard patronage either in response to the petitions of bedouin that occupy so much of the King's day or Prince Abdullah's National Guard and Prince Sultan's armed forces.

They are contending with a growth in the Saudi population that, for all the doubts about the 1974 and

Actual poverty still exists. It occurs where desert or mountain barriers have blocked the flow of construction money, as at the decayed town of Jizan in the south-west; or where longstanding sectarian attitudes have proved hard to dislodge, as in the Shi'ite villages of the Eastern Province. Many immigrants, and particularly those pilgrims, who have stayed on illegally, live in appalling con-

try," in the words of the Planning Ministry.

Men such as Hisham Nazer. the Planning Minister, have pointed to the third danger in the growing sense among Sandis that the State will provide all. Many in the Government feel this has undermined individual and national independence.

At one level, the major State banks for housing, industry or farming have very poor repayment records.

The Real Estate Fund has committed nearly \$13bn, representing perhaps as many as half a million dwellings. As if in the fund recently decided to offer 25 per cent rebates for those who pay their instalments on-time. This move is regarded by many bankers as the first step towards a general cancellation of debts.

It has been argued that these ssues matter little, since oil. wealth is either fortuitious or providential and is trickling down. This appears to optimistic. Oil revenue regarded by almost all Saudis as the English regard what they

pay in taxes and how it is spent is the subject of the greatest importance to them. It is not simply that corruption and waste are becoming

political issues, but that expectations are irreversible. The first oil taxes were the perquisite of the ruler and,

even late in the 1940s (when the first budget was published). the largest spending item was for cars, drivers and gasoline to transport the Royal Family between Rivadh and the towns and camps of the west. The earliest public works, such as the Jeddah water supply of 1946, were royal generosity, not In the course of the 1950s,

the extravagance of the court all but bankrupted the kingdom. The then Prince Faisal, as Prime Minister, devised grants of land as an alternative to civil lists that he was powerless to stop. It is ironic that this measure, designed to curb disbursement, has proved one of the major drains on revenue as the development plan of 1975 gave a compensation or building value to tracts of sand. granite, saltmarsh and even, in Jeddah, the inner coral reef. Inevitably, the foundation of the Real Estate Fund in 1976 contributed to the speculative

receive generous dramatic growth in household fisherman to stay at his craft increase in land values is the were made from the translation ful quarters that it would not incomes.

merely allowed "many to take basis of most Saudi fortunes. of oil money into building otherwise feel ready to oppose act the public from

They are con- a windfall and leave the indus- A single compensation pay should accrue to Saudis.

A sugar refinery that was proment, made for a few acres of

saltmarsh near Jubail, would buy much of the Grosvenor Estate in London. Faisal's first royal grants, now a hotchpotchof small palaces in west materials have also been con-Riyadh, look paltry against the fined to Saudis. vast princely tracts further west, planned out for universities, an Olympic stadium and

a diplomatic quarter.
Land is still at the heart of Saudi ideas of wealth. Only very few Saudis have a conception of. the opportunity-cost of money and the dampening of the realproperty market since 1978 has not been followed by equivalent sales of land or reductions in

Almost the first response of King Khaled after the siege at Meeca was an order to restart grants of land; these had flagged simply because almost all land with the remotest speculative value under the Government Plan was spoken for, while new apartment blocks stood empty.

The Government has also tried to ensure that what profits to reject demands from power-

of oil money into building otherwise feel ready to oppose, rejects firmly this haphazard

For some time, retailing and, except in certain cases, real property have been forbidden to foreigners; lately, senders for basic construction and building-

Since 1978, the rule has been that intermediaries in Government purchasing should also be majority Saudi-owned though large commission payments, that have survived criticism, muted at home, strident abroad, greater competition since 1977.

Contidence

The effect of these policies on local inflation, and even the State's financial position has been severe and the Finance Ministry has been tackling the excesses with increasing con-

Prince Fand has been the authority for all but the most modest disbursement and this has permitted the Government

A sugar refinery that was proposed by Prince Abdullah Al-Faisal and Tate and Lyle which the SIDE could not justify, even on the argument of "stra-tegic value," so beloved of Saudi industrialists, was not

granted Government finance But this form of control merely increased the weight of overwork that drove the crown prince to the point of nervous exhaustion in the spring of 1979, while those of his immediate family involved in Justness were seen to enjoy an unfair advantage.

In the absence of other controls, the finance ministry has held up payments for escaperation and arreports of distinct worth or with large tonains slow by sticking closely in the letter of its published highest. Until the Metca incident, when the king ordered the backlog of compensation to be cleared, and no new work begun without payment of compensation, it was estimated that the

tion, it was estimated that the

way of dispensing the wealth. First, it proposes a shift away from construction as a generator of private incomes. Acording to the SIDF . "If all projects now under way or planned proceed as scheduled, and mo new projects are started, by 1984-85 project spending in real terms will be no more than half this year's level of \$30bn."

The Plan offers, instead, major assistance to the private sector to generate capital; reform of loan evaluation and disbursement; help for selected regions "with growth potenital" (presumably, Asir); while a more literal banking atmosphere, even some form of speck exchange are promised to help arwate capital formation. At the heart of this new athings may be a sense that included expectations of the political are neither politically safe nor socially desirable. But reality will be somewhat different as the King's decrees

over land and compensation have already shown

SPREADING THE WEALTH

JAMES BUCHAN

Cash civil lists for members of the Royal Family are no longer given as a matter of course (in contrast to the bulk of the wealth is gathered situation of the 1950s, where in Jeddah, where there is a about £20,000 was being strong commercial tradition; in disbursed to each member). Nowadays, none of the Princes is without land.

This prosperous picture must be qualified. Although the per capital income is high, at least two-thirds of national income has until now been invested in building projects, or State in-dustry and assets held abroad so that household incomes would be much nearer \$5,000 a head. The SIDF believes that, despite the subsidies, over 40 per cent of household spending

Further, the first bene-ficiaries of the boom that times that of neighbouring followed the quadrupling of oil prices in 1973-74 were not ordinary Saudis, but the merchants, construction firms and middlemen. It appears that household incomes did not soar in a consumer boom until 1975. Construction has slowed since 1978 and it is strongly predicted the same time lag. Before the disorders of last winter, the Government proposed spending plans for the next five years that were marked by a strong

The problems are relative. rather than absolute; all carry political dangers. First, the bulk of the wealth is gathered in Jeddah, where there is a the cities feeding the oil industry of the Eastern Province; in Royal Family and all disbursement: and, to a much lesser extent, in the military cities.

The inequalities in income are perhaps unprecedented in history. A young clerk in the civil service can earn as little as \$600 a month, while a deputy minister starts at \$2,500 but will spend more than \$1m on his main house (thanks to his business interests); a young prince with access to decisionmaking might not be content with \$240,000 per day as a commission from a single oil

For young Saudis who do not own land, the obstacles to building up capital are formid-able; these partially explain the squalid scramble for gold of the past year.

contract.

mechanisms installed to spread oil money have been ill-designed and either worked against their object or generated inflation. The Real Estate Development Fund had to close for nearly a year because of chaos, not only in the fund itself, but in the rural areas where demand for materials had got quite out of hand. A grant of \$3,000 for each pressure and the immense ment oil revenue and the earn-

Finance Minister, Mr. Muhammad Aba Al-Khail, said recently, " is not consistent with our economic expectations."
Yet this calendar year, the Government is likely to see a

surplus of nearly \$30bn over its budgeted spending. For a number of reasons, the plan proposes a curb in the growth of spending over the next five years. If this policy is achieved, and provided that the period sees no repetition of the world oil glut of 1978, the Arabian Monetary Agency, the country's central

expects the surplus to exceed \$20bn a year until 1985. Already, SAMA's small Foreign Department and its SAMA's small advisers from Baring Brothers and Merrill Lynch White Weld have to dispose of over \$300m a day into investments overseas. SAMA is responsible for investing funds from various governfunds, but the bulk of its res-

ponsibility - or about \$240m

today — is payment for oil.

Nightmare

The doubling of the Saudi oil price in 1979 was consider-ably less welcome than the four-fold increase of 1973-74. The jump in revenue makes a nightmare of the Government's attmept to use a tight spending policy to curb inflation and the growth of foreign labour and to engender some social stability. Equally, the return of the surplus occurs at a time of unprecedented doubt over the stability of overseas investment, aggravated by the freezing of Iranian assets in the U.S. bank-ing system last November, and over an international payments system srtained severely by the dollar financing of oil imports.

The dilemma is complicated in that the Saudi Government dare not and will not treat oil policy simply as a function policy simply as a function of domestic revneue needs. Although SAMA was alarmed by the mounting rate of disbursement through 1978 and part of 1979, the higher production levels since the Iranian revolution are primarily a response to world, and particularly U.S., needs.

In 1974, Saudi Arabia enjoyed a current account surplus of \$24bn and was unable to spend its budget. By the middle of 1978 an IMF staff report found the budget in deficit by about \$2bn and estimated it would be \$12bn short for 1978-79. That year the balance of payments

registered a small deficit. In the early years after the 1973 price rises, the sole constraints on spending had been the ability of officials to disburse and contractors to import By 1978 these bottlenecks had been broken and, with a glut in the oil market, SAMA began reporting a decline in its overall

foreign exchange reserves from their peak of \$60bn at the end of 1977.

Indeed, so serious was the spending of foreign currency that SAMA estimated at the end of 1978 that total reserves would be down to half the 1977 figure by June 1980; and that the level of reserves over and above the amount required by law would be down to zero by the end of this year. (About \$25bn is earmarked for the full backing of the currency, an account to cover all outstanding Government letters of credit, such international commitments as the \$2.5bn for the IMF and the capital of the state funds). Impressed by the SAMA projections, the finance ministry moved in 1978 to control the budget much more closely while amount required by law would

budget much more closely while the price of oil continued to limb. By November 1979.

overseas investment IN THE ideal land of the Third reserves stood at \$57bn, accord—with the Bank of Switzerland makes a clear distinction Five-year Plan, Saudi Govern-ing to the governor of SAMA, that SAMA consult first before between its soft loans and con-Abdul Aziz Al-Quraishi

FINANCIAL SURPLUS

JAMES BUCHAN

Doubts over stability of

ment oil revenue and the earn-ings on its foreign assets would recovery was undermined by a equal the requirements of continued capital flight, esti-classed as investments; apart and the security of the U.S. development. "The mainten-mated at between \$3 and \$5bn from Treasury bills and other banking system. Whatever the ance of a large surplus," the during 1979, from a private

Minister,

Statistics for last November showed a decline of \$13bn, a bank and investment authority,

untrammelled bу exchange controls. Curiously, it was not until the reserve position had recovered that the full effect of the spending on reserves, as reported to the IMF, was revealed. When the International Financial

journal that has consistently SAMA. International Currency Review, reported that a group of princes had burgled the monetary agency. This was ludicrous and untrue, but gained some credence among bankers who Department. had failed to nderstand the ex-

tent of Saudi spending.

Yet the same journal, two

stating its foreign assets to the IMF for political reasons. The

very large gap between liquid

assets as reported in IFS (\$19bn) and the total accumulated budget surplus (\$57bn) lated budget surplus (\$570n) reported to the Saudi Govern-

ment is explained simply by SAMA. For all practical pur-poses, SAMA's denition of liquidity only embraces short-

term deposits, made on a daily

basis in the world's front-line banks. SAMA's vast holdings of of U.S. Treasury bills and other government debt are not classed

be discounted, for the purposes of the Saudi Government, with-

out disturbing the market. SAMA has denied it has a

formal agreement with the U.S.

Treasury over this issue, although Congressional testi-

mony has shown that \$2.5bn was

covered by arrangement in 1974.

What agreement exists now is

such because they could not

of deliberately under-

government bonds, this includes public between \$3.50n and soun in freeze as a measure loans to Third World govern freeze as a measure ments (which SAMA is not only to specific circumstances" ments (which SAMA is not only to specific circumstances" ments (which SAMA and the most ministers were badly a little equity.

While heavy spending ac-counted for the bulk of the fall in reserves, 1979 did see one major change in Saudi Arabia's investment policy. To fund-its vast military construction programme and to pay for weaponry from U.S. sources, Saudi Arabia had maintained in Washington a revolving trust fund managed, interest-free, by the Defence

Saudi Arabia had pledged in

As the rift between the two countries grew wider, the King-dom's feeling that it should

honor its obligations came under

growing Arab pressure and, in

in the hands of the New York Federal Reserve.

After the oil-price explosion of the early 1970s, SAMA had little choice but to place the

greater part of its foreign assets in dollar denominations, amount-

ing to about 75 per cent of its

total holdings abroad. With the

deterioration of the value of the

dollar relative to other currencies in 1978 and 1979, there was

some attempt to diversify " as is

natural for oil producers with surpluses," in the words of Aba-

SAMA was not, however, pre-

making deposits in Swiss francs. cessionary deposits in the Mus-The bulk of the surplus is lim countries and Third World government bonds, this includes public pronouncements—and between \$3.5bn and \$4bn in soft Abs. Al-Khail endorsed the

> Yet SAMA, simply in its dayto-day business, was obliged to make a deposit at Wells Fargo the week of the freeze; and the vast increase in revenue since the Caracas OPEC meeting has meant that the Foreign Department is having difficulty maintaining dollar holdings below the 75 per cent ceiling.

In recent months, there has been greater emphasis on longterm loans and deposits to help central banks finance the results Caracas. Traditionally, Saudi Arabia and SAMA have preferred project aid, which is easier to monitor against waste, but with much of the world in difficulties over financing oil imports, this attitude has changed. Negotiations in recent months 1978 to finance a squadron of Pakistan, the City of Sao Paolo F-5s for Egypt from this fund. and the central banks of New Zealand, Turkey and West Gerterm finance of up to DM 5bn). The appeals of Third World countries, which may be tying an atmosphere of promise and counter-promise from the Saudi in oil payments, have become leaders, the Military Works increasingly hard for Crown Directorate and the Foreign Prince Fahd to resist. In multi-leaders, the kingdom will lateral terms, the kingdom will into an interest-bearing portfolio be increasing its commitments to the OPEC Special Fund: from its seat on the IMF executive committee, Saudi Arabia has also backed discussions of a broader oil facility,

Financial officials point out that their projections of the surplus remain speculative, since neither the oil market nor Government spending can be predicted with certainty. Equally, increasing funds, per-haps as much as \$20bn, will be repatriated as part of the Government's commitment to industrial and petrochemical joint ventures. Even so, it appears probable that SAMA's investible surplus will be of the order of

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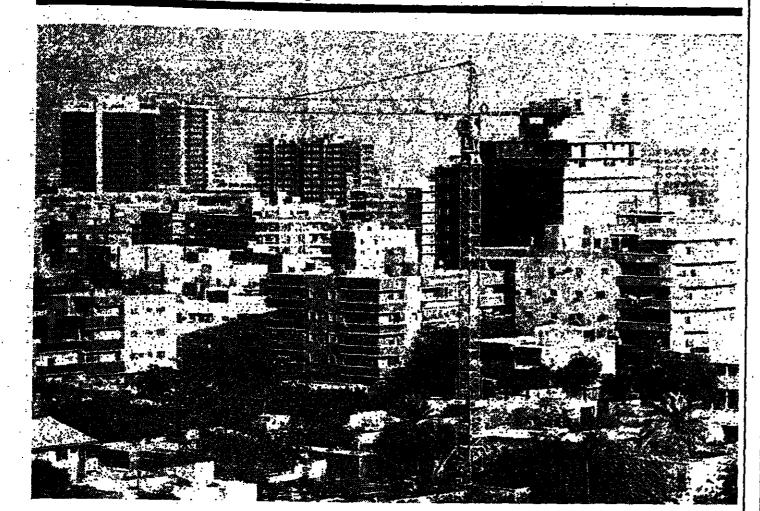
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Six years of hectic construction activity have given Jeddah a new skyline, while the construction crane is still ubiquitous

Competition intense as market tightens

THE PAST year has seen tight construction market in Saudi Arabia become almost constricting. While the rate of awards and the volume of work under way have both picked up significantly in the past six months, competition has become bloodthirsty, materials supplies are still often erratic, payments are still delayed, interest rates still harder than ever to find

Five-Year Plan, which comes out next month. Predictions for the just about everything in the kingcom, can reassure or worry at the same time: a fall in real spending compared to the budgeted \$142bn of the Second Plan and a reduction in infrastructure work are balanced by commitments to develop the regions, to maintain what has downstream to the industrial

With that, there will be a good deal of unfinished business left from the Second Plan, the whiteelephonts of the new Jeddah and Riyadh airports, the Sunrise City palace complex in the Eastern Province, the new campus for Riyadh University. King Khaled Military City, which has already devoured \$1bn in infrastructure alone in its quirky mission to fill out the corners of Arabia, Jubail and Yanbu industrial complexes and simply tidying up the shoddy mess of five years of urban development. The easy answer, suggested by the cynicism that contractors acquire in the arcane world of business in the kingdom, is that the spend-ing and the juggernaut of con-

The central fact of the present construction market is the harshness of competition. Iran has gone and recession in the West and the non-oil underdeveloped world have turned Saudi Arabia into the only place to find work in quantity, Every contractor now has

tales to tell of South Koreans underbidding him by a third or of Saudi companies taking contracts at hefty losses, just to stay in business. British contractors, seldom

successful in Saudi Arabia, are forced to the indignity of putting up SR 10m training schools.

better ister duled aux Europe and include East

CONSTRUCTION

TIM SISLEY

two planned industrial cities, 7,000 contractors prequalified. Of the 264 foreign contractors in Riyadh, 48 are South Korean. Allied with the time and money it takes to tender for government work only to find the contract was anyway going to another firm with hetter backing, several. foreign firms declare them-selves about to chuck the Kingdom in and go home.

That is perhaps the reason project in Saudi Arabia, the Barhrain Causeway. It is felt a last chance. Long-discussed and long-delayed, it is understood that Saudi Arabia is now prepared to spend a possible \$1bn on a bridge to link Bahrain with the Peninsula, definitely intending to go shead with an award

Rioting

There is little point in economic terms, as any shot in the arm to either the Bahraini economy or that of the Eastern Province would better have been given years ago, but the Shia rioting last year that spread from the island to the Kingdom has apparently decided Saudi Arabia that a firm indication is needed that Big Brother is watching.

Some tip for the award groups with an element of Far Eastern manpower, a factor that has not been a flash in the pan in disrupting the Saudi market. Cheap, disciplined and efficient. demobilised conscript laboureres of South Korea have continued to be the trump card in tendering. Predictions that rising wage rates at home would force the Koreans out have not been found true, and that even despite the huge embarrassments of Yulsan and

Yulsan went to the wall amid fraud charges against its founder in Seoul early last year. The South Korean Government hastened to assure Saudi Arabia

be finished, and it arranged for other firms to see that they were. Far from tarnishing the Korean image, the Hyundai was less easy to cope with. At the end of 1979 it was banned from tendering for tions that a local manager had tried to bribe an official of the Military Works Directorate with \$8m in cash. The ban still obtains, but other Korean firms why 21 consortia, a total of 78 are no less popular. Governcontractors, have prequalified ment assurances again helped, for the last announced giant No one asked incidentally who he thought he could get his contract that way: an increas-ingly important element in

aiwanese job came to a third

Western firms are being looked

at for new rural power contracts. Similarly, there will be

an increasing small demand for

Some say the same bubble

will burst for the Saudi con-

ment from standing idle while

his foreign competitor would up sticks. With an increasing

number of less specialised

tenders open only to Saudis

ropey bidding is alleged to be

commonplace. There was some

disbelief at the award of six

sections of the Riyadh ring road

in March to Saudi contractors with the charge made that

"they could not possibly do is so cheaply." Similarly the

award of the equipping and

Riyadh television centre at the same time to the Saudi firm

Dallah Avco, let after negotia-

tion over the low bidder, Bosch

now in control of tenders are

little too brash. Padding of bids

is encouraged by ham-fisted

assessment. Nevertheless, with much equipment amortised, a

genuine wish to split awards to

help the local firm and the rise

into ability to handle most basic works of Saudi firms, costs are

coming down. The question is whether they are to low.

Purges

month award.

demand.

and granite facing mterial.

remembered elsewhere. Ministers urge contractors with complaints to come straight to them, and ne wrules have been issued for completed projects to be taken over immediately. For those unpaid, though, while

finance is increasingly easy to

purges of illegal aliens.

Official assertions that Govern-

process plant.

the contract value, and

in financing and labour recruit- ment costing departments are ment, seems evermore important. The French, Japanese and West Germans report better results last year than the year before -- the British do not -and the argument runs that close relations between Government, banks and contractors are the cause. It is an argument reinforced by the American experience: while the British have maintained a constant share of a growing market since 1973, American contractors have seen their share decline from nine per cent of \$10bn in awards in 1976 to three per cent of \$23bm in

Government assistance if only

Western firms, though, may be returning to the domination of the market that they had lost over the last couple of years. They maintain that the Saudi experiment of going to Saudi and Third World contractors for all but the most specialised works has been recognised a

In rural electrification, the abrupt cancellation, in 1977, of allegedly inflated Western bids for four projects and the government-to-government nego-tiations for Korean. Taiwanese, Indian and Pakistani firms to take the work have passed into Saudi folklore.



Construction work on the Wasia pipeline which is bringing water to Riyadh from the Wasia aquifier, 120 km to the east

obtain from banks, interest rates are runing at 15 per cent or more. Vae victis.



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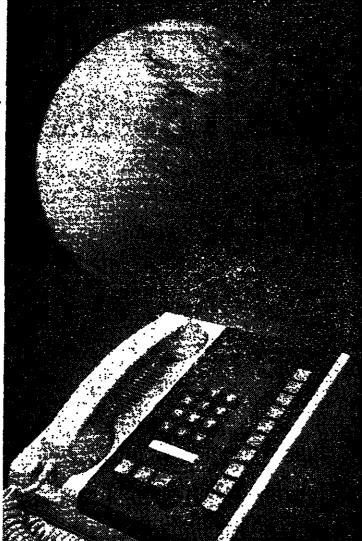
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HAIN HEAVY INDICTRIAL PRANCES

COMPANIES	LOCATIO	N FEEDSTOCE	PRODUCTION	CAPACITY	STATUS EST. COS
	· ·	PE	TROCHEMICALS		
Saudi Pecten (SABIC/Shell)	Juball	Salt, ethane, benzene	Ethylene Styrene Ethylene dichloride Crude ladustrial ethanel Caustle soda (by-product)	454,000 t/y	
SABIC/Mobil	Yanbu	Kthane	Ethylene Low density polyethylene Ethylene glycol High density polyethylene	- 290 000 t/v	
SABIC/Dow	Juhail	Ethane	Ethylene Low density polyethylene Ethylene giyeol High density polyethylene	500,000 t/y 68,000 t/y 300,000 t/y 105,000 t/y	
SABIC/Exxon	Juball	Ethylene	Low density polyethylene	240,000 t/y	AFA \$2bn
Saudi-Japanese Methanol Company (SABIC/Japanese consortium)	Jubail	Methane	Chemical grade methanol	2,000 t/d	Signed Nov., 1979 \$360m
SABIC/Celanese-Texas Eastern	Juball	Methane	Chemical grade methanel	2:000 t/d	AFA \$300m
SABIC/Mitsubishi	Juball	Methane _	Ethylene		Feasibility study April: 1980 \$25m
			REFINERIES		
Petromin/Shell	Jubail		Naphtha Gas ell Fuel ell	94,000 b/d 92,000 b/d 67,000 b/d	Signed April, 1980 31hn
Petromin/Mobil	Yanbu	Crude oil and NGL	Gas oil, jet fuel, naphtha, heating oil and heavy duty oil	250,000 b/d	Signed March, 1980
Petromin/Socal and Texaco	Jubail		Lube of	12,000 b/d 63,000 b/d 43,000 b/d	Being designed
,			FERTILISER		
			Urea	and Branch care	- N
Al-Jubail Fertiliser Company (Samad) (SABIC/Taiwan)	Jubail 	Methane	Urea	- 1 1-	Signed Dec., 1979 \$360m
	Jubail	•	TTALLURGICAL		
	Jubail Jubail	•			Signed March, 1979 . \$600m
(Samad) (SABIC/Taiwan) Saudi Iron and Steel Company (Hadeed) (SABIC/Korf-Stahl) Jubail Rolling Mill		Mi Iron ore and	TALLURGICAL (Dry) sponge iron	800,000 t/y 850,000 t/y 850,000 t/y	Signed March, 1979 . \$600m
(Samad) (SABIC/Taiwan) Saudi Iron and Steel Company	Jubali Jubali	Iron ore and natural gas Steel billets	(Dry) sponge iron	800,000 t/y 850,000 t/y 850,000 t/y 140,000 t/y	Signed March, 1979 : \$600m

b/d: barrels/day; t/d: tonnes/day; t/y: tonnes/year; SABIC: Saudi Basic Industries Corporation; AFA: Awaiting final

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Red Sea, will undergo remark-Already the initial evidence of Saudi determination is visible, as vast sandy sites are cleared and measured up for pipes, storage tanks and build- in the direction which Saudi ings required to establish heavy industry on a large scale. Saudi officials take encouragement with a slight air of smugness - from the fact (as the accom-

panying chart shows) that the joint ventures with foreign companies are now being signed at an increasing rate. For they sense also that until a few years ago, such projects and the scale should be at least kept level. of the Jubail and Yanbu undertakings, if undertaken at all, al-Zamil, the main manpower were seen as chronically unviable white elephants.

Credit for helping to guide and encourage this new-found foreign enthusiasm must go largely to two organisation: The Royal Commission for Jubail and Yanbu (RCJY), whose secretary-general is Dr. Farouk Akhdar, and the Saudi Basic Industries Corporation (SABIC), whose chief executive and vice-chairman is Dr. Abdul-Aziz al-Zamil. Both were established, with blessing from the highest royal authority, to cut through bureaucracy and to provide a sole agency, rather than several Ministries, with which foreign companies could deal. In this role they have been largely successful, even if somewhat overwhelmed by the number of businessmen and com-panies applying for the large number of businessmen and companies applying for the large number of contracts available for the infrastructure alone

of these two zones. Daunting task

The RCJY was established in steel plants should be made. 1975 with the basic and daunting task of implementing the master plans for the two sites, setting up and operating the infrastructure and community facilities, providing manpower and also training Saudi nationals. The master plans for the two zones, which cover a 30-year development period, were drawn up by the U.S. con-sultants Saudi Bechtel and Saudi Arabian Parsons, and it has been estimated by the Committee for Middle East Trade, based in London, in a study of Jubail and Yanbu, that the eventual cost of the infrastruc-ture for which the RCJY is responsible is \$35bn. SABIC was set up by Royal

decree a year later as a joint stock company with an initial capital of 10bn riyals (\$3:3bn). totally subscribed by the Saudi Government (although within six years of its establishment 75 per cent of the stocks have to be turned over to the public). Its main tasks are to help the creation of downstream induspoint the Kingdom's main design weaknesses which result become a key partner in 10 of the main industrial projects in Jubail and Yanbu (and Jeddah).

There is an undeniable logic Arabia has chosen to diversify its economy. First, the size of intensive projects must be more attractive, for it is one of the key strategies of the Third Development Plan-even if one unlikely to be achieved—that th enumber of foreign workers

In addition, according to Dr. requirements for SABIC pro-

jects can b emet locally.

natural resources. It has as a sulted in it operating for the first few years after the original deal in 1964 at between 30 and 40 per cent capacity, SAFCO is now highly successful.

It ran at full capacity of 300,000 tonnes/year in 1979, exporting over 90 per cent of its chief product, urea.

its population is such that As a result, there is in SAFCO capital rather than labour some feeling that it should had As a result, there is in SAFCO more than advisory role in the SABIC-Taiwan Fertiliser project for a urea plant to be built in

> And the reaction and involve-ment of foreign companies? Dr. al-Zamil recalls: "The most ferocious and most concerted effort was made by the international chemical companies in

HEAVY INDUSTRY

ANTHONY McDERMOTT

and managerial side 530 people. We hope to get half of them as Saudis. . . . We already have 140 and the rest can easily be obtained over the next four year." He is optimistic that Saudi Arabia can go a long way to reversing the current 30:70 Saudi-foreign ratio in finding 9,000 workers at other levels. A second crucial element is the presence in vast quantities of natural resources, mainly oil and gas (although minerals could have a promising future eventually), making it almost inevitable that the choice for involvement in petrochemicals, refineries, fertilisers and iron

Saudi direct labour involvement in these projects will also help to bring about the transfer of technology which Sheikh Ahmed Zaki Yamani, the Oil Minister, frequently calls for as part of any hydrocarbons deal. Furthermore, the private

sector has both been slow to respond to the heavier industrial opportunities, not least because of the size of the capital outlay. While the Government has inevitably had to give the lead because of the size of the projects at Jubail and Yanbu, the longer term strategy is that the lighter industrial opportunities (such as household goods, PVC, detergents and textile chemicals) thus provided by the products will encourage the private sector to become more deeply involved in industry.

require from the engineering cerned and directly or indirectly by the Press to cast unbelievable amounts of doubt chemical production in deing countries, especially Saudi Arabia." He went on: "We argued with them, and slowly, slowly, till finally in 1978 and 1979 they themselves came up to state it is only logical, feasible and natural that petrochemical production should be near the secure source of raw, materials and has to be based on long-term security of supply."

> Broad support This view, with

reservations, appears to be broadly supported in a recent book by James Bedore and Louis Turner entitled "Middle East Industrialization—A Study points out that the OECD coun-plant could begin before tries, while accommodating As yet the two zones impress themselves gradually to indus more by their could be impress. themselves gradually to indus more by their open size than trial products from the Middle anything else—Juball's 900 East and North Africa, will so km. against Yanbu's 150 especially during this decade so km. That is until one Secs East and North Africa, will especially during this decade fight a considerable rearguard action against them. Furthermore, into the argument must be fed the questions of the high cost of constructing sophisticated plant in Saudi Arabia, manent dwellings as opposed favourable climite; of the lack of numerous and well-equipped

saudi Arabian Fertiliser Com-pany (SAFCO) is cited to show as a result of the enormous Saudi Arabia is thinking as a that Saudi Arabia can run an rise in hydrocarbons prices in whole than that by the end of industrial enterprise with suc-recent years has become an in the century it should have cess. For, after a disastrous creasingly important factor, permane start, resulting in a dispute with Capita lis also comparatively 373,000.

OVER THE next few years, the tries ranging from hydrocarbon- Occidental over the turnkey cheap. The recent joint venindustrial zones at Jubail, on based to iron, steel and alu-contracts (something Saudi ture between Petromin and the Gulf, and Yanbu, on the minium, using as a starting Arabia has learned from) and Shell for a 250,000 barels a day (b/d) export refinery in Jubail is to be financed along a pattern set by SABIC. Finance is to come 30 per cent from equity capital (half from Petromin and half from Shell), 60 per cent from a low-interest loan from Saudi Arabia's Public Invest-ment Fund and 10 per cent from outside borrowings.

But the agreement last month betwen SABIG and Mobil for a petrochemical plant in Yanbu was of interest in that the full details of marketing, and above all feedstock pricesing and crude oil entitlements, were not settled in advance. For one particular lure in times of possible crude shortages has been the offer by Saudi Arabia of "incentive crude" against investments.

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This hargaining started at about 3,000 b/d against every \$1m invested. It has fallen considerably. Two formulas for petrochemicals have apparently been suggested: 1,000 b/d for each \$1m of equity investment in 1975 dollars, or 500 b/d for each \$1m in current dollars. The "incentive" crude for refining projects would be around half that for petrochemicals, because in the former case the foreign partner also has an entitlement of refined products.

To strengthen the argument that investment in Saudi heavy industry and its products can be viable, the point is made that while the OECD market may be both over-protected and oversupplied, the African and South Asian markets are both geographically close and have vast potential development.

. But whatever the arguments, the facts are that contracts are being signed, and, about all, the sites at Jubail and Yanbu are going ahead and will be to pro-vide full facilities in time to several. accommodate the earliest pro-jects. At Jubail, Dr. Jishi, the Director General of Jubail, believes that by the end of 1982 or begining of 1983 the infraof Saudi and Iranian Down-structure will be fully in place, stream Investments. But it although the construction of

state models showing how the plans for full communities, not just for primary, secondary and support industries will look. In Jubail the first two-storey perto the already established temporary workers camps the problem of marketing the going up. Jubail, once a small product.

Against this are cited the population of coise to 9,000, and deeply involved in industry.

Finally, the example of the key points of the cheapness and there is no better symbol of availability of feedstocks, which the dimensions along which

هكتامن التيجل

Much scope for development

THE VERY ancient gold mine at Nahad al Thabab in the Hejaz, largest gold producer in the ancient world, is now worked out. But circumstantial evidence indicates that it may well have supplied the gold for King Solomon's temple in Jerusalem. That copper, silver and zinc were also extensively mined in ancient times in Western Arabia is attested by the frequency of abandoned mine workings. But from the decline of the Abbasid Empire in the Middle Ages, this, the only form of industrial activity in Saudi Arabia, was abandoned and industry revived, in different form, only with the substantial exploitation of the oil discoveries in the period after the second world war.

The pastoral and mercantile society of Arabia lacked that rich base of craftsmanship upon which the industrialisation of Europe, America and Japan was built, and indeed it held in some scorn the traditions of artisan labour. Other forces have provided the impetus to the current remarkable develop-ment of manufacturing and service industries in the Kingdom.

Aramco, perceiving the need for support industries, led the way by identifying opportunientrepreneurs in establishing enterprises in construction, mechanical and maintenance contracting, transport, offshore servicing, catering and many other fields related primarily to the company's own needs.

In 1973, when oil prices rose from \$2.5 per barrel to \$11 per barrel, marks the real turning point for Saudi industry, as it does for most other aspects of Saudi economic life. The enormous ingrement in Governrapidly disseminated to the populace, encouraged a boom which still continues in construction and consumer goods and thus created a market sufficiently substantial to interest local merchantsin establishing import factories. Encouraged by the Government, which has provided serviced plots in industrial estates, cheap power, cheaper finance and a buy-Saudi " policy for Government purchases, and encouraged devopment criteria. Capitalalso by the appalling delays in and energy-intensive projects landing goods in 1976-77 due to are encouraged; labour-intenthe congestion of the then hopelessly inadequate port facilities, the past six years have seen the establishment of over 500 sub- capil requirements (or up to stantial new manufacturing a leer percentage if Saudi units which are now in produc-

Sandi Arabia is now virtually gate, precast concere and prefabrication systems. doors, windows, and other iesser items will be adequate to satisfy probable demand by next year. rates, allied to a general Similarly with other types of scarci of commercial funds. contractors' supplies: screws, steel scaffolding and reinforcing mesh, fencing, insulation materials, air conditioners and desert coolers. Having high volume and weight to value ratios, many of these items were bovious choices for local production. More recently emphasis has been placed on consumer goods. Foodstuffs consumer goods. Foodstuffs (represented by moder dairies, bakeries, soft drinks plants, date packing and meat processing facilities) household goods (plastic bags, containers and utensils, blankets and other textiles, detergents, insecticides and other chemcals, furniture and furnishings, household and furnishings, household appliances (such as refrigerators) all contribute to lessening the dependence on the outside for important items of con-

Small workshops

This industrial development is, a present, concentrated in the three principal centres of Riyach, Jeddah and Damman/ Dhahran, with only a small percentage and that of the less sophisticated factories, being located outside these areas. Industry is almost entirely in the hands of the private sector (the major exceptions are the large basic industries in steel and petro-chemicals planned for the new industrial cities of Jubail and Yanbu), and there is extraordiary profit in land little attempt by the Government to direct it in particular explained y a desire to show a directions. The Government continuin commitment to the country, a response to minito be licensed through the sterial enortation: an affirmation to the country, a response to minitorial projects Ministry of Industry: permistion of elief in the stable sion is seldom withheld unless future of the country, financed

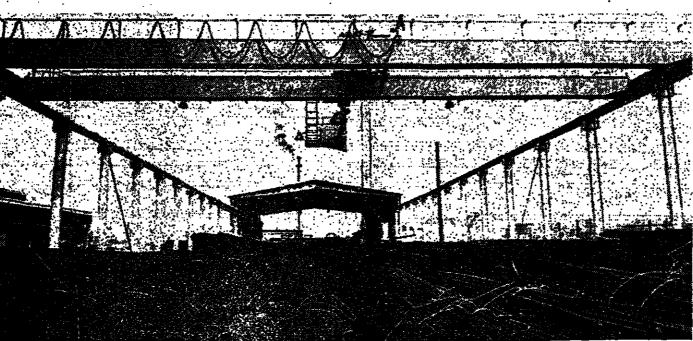








Three key men in Saudi Arabian idustrial development. From left to right: Saleh al-Naim, Director-General of Saudi Industrial Development Fund; Abdul-Aziz al-Zamil, Vice-Chairman and Chief Executive of the Saudi Arabian Basic Industries Corporation; and Facuk Akhdar, Secretary-General of the Royal Commission for Jubail and Yanbu



The steel rolling mill belonging to the Saudi Arabian Basic Industries Corporation at Jeddah

MANUFACTURING

FRASER JOHNSON

pjects in that sector have abady been licensed. The hding of a license confers the rht to apply for a serviced pì in the industrial estates, to ally for financing from the Inistrial Development Fund. ar to anticipate preference in Gernment purchasing.

New ventures

he Saudi Industrial Developmet Fund was established in 19' to finance new industrial vehires ters. Medium to long-term loa: (average seven years) are grated to companies able to depostrate a likelihood the projects being financially and economically viable and Government's fittig siverojects are looked on with les vour. Funds covering up to Eper cent of a project's intests do not own a majority tion or in course of imple- of sires) are lent at a cost of aroul 2 per cent a year.

Th minimal cost has inevitself-sufficient in the principal ably roved of great attraction, building materials: production and ever more so than this of cement, clay, concrete and year when interest rates on sand-lime bricks, tiles, aggre- loansfrom commercial banks are anost double rates charged less tan a year ago, at 15 per cent id upwards on overdrafts. Cause of this sharp climb in paint, must e sought abroad: and since ie rial is linked to the SDR ad therefore tends to follow te U.S. dollar, and since there re no restrictions on capital utflows, domestic rates must flow outside trends if a severe tortage of funds is not

Hencehe growing attraction of SiDFlunding. The interest different can be vital to a new industryto protect it against import impetition. For the Ministryn Commerce believes in impose new tariffs of up to 20 per cut on imports only as a last rort, preferring not to distort to free market except where vally necessary to protect an idustry. Power costs, too, play role. At seven halala per kWh(there are 100 halala to the ral) electric power is extremel cheap; gas, too, derived rom the huge gasgatheringcheme in the Eastern Province, represents another vast potetial low-cost energy source fo power-hungry industries suclas aluminium extru-

sion or zic galvanising. But hy, despite these inducemets, do entrepreneurs in Arabiaurn to industry as an investmer? There is, after all, no tradion of manufacture. Their welth is a product of trade an commerce, of rapid turnover ad no long-term commitment and of effortless and speculatio. In part it is to be

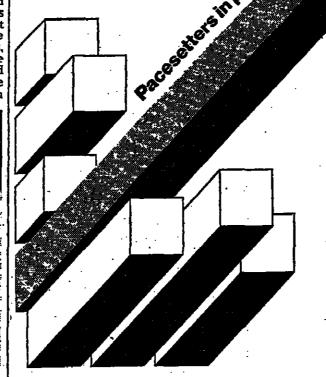
ti Ministry feels that sufficient by a part of those surplus funds not sent abroad. In part also it is a logical product of the new generation of business school graduates returned from America with ideas to practice. For thise group profit earned by efficiency and good manage-ment practices is more important than it is for the first group, whose motivation is a blend of the political, patriotic, prestigious and profitable.

> In this small (about 7m inhabitants) but affluent market, the intitial prejudice agains tihe "made in Saudi Arabia" label appears to be receding. Local manufacturers clearly offer advantages to stockists: ease and rapidty of delivery, a willingness to accommodate local tastes and a need to finance only a low level of stocks. The local consumer equally has little cause for complaint. Whether he is purchasing salt or bisruis, cardboard boxes or fibreglass pipes the quality is equivalent to imported products and the price generally

Other Gulf State also have their _ industrial _ programmes. Their domestic markets are far smaller than that of Saudi Arabia. But so far there is little real co-ordination of effort not occur. There are, to be sure, committees and working parties, and a growing realisation that something should be done, but to date no license is known to have been refused on the grounds that sufficient capacity already exists in other Gulf states. It is foreseeable that this will lead to considerable waste or misdeploment of funds the elimination of which in this and oher areas must surely be one of the prime objectives of Saudi officialdom in future. Better real co-ordination, greater interest in preventive maintenance, equipment recycling and a quantum leap in th present very inadequate financial planning and control are all recognised to be essen-tial to the healthy survival of industry in this free market.

Rapid growth

The finishing touches are now being put on the third five-year plan. While the plan is not yet public, it is known to be placing heavy emphasis on productive investment and manpower development, rather than infrastructure which has taken the lion's share of the cake until the present. This implies a more rapid growth in industry. The limited size of the market makes it difficult to foresee a long vigorous growth in import substitution projects. sectors, particularly in building materials, are now in a supply/ demand equilibrium. In food stuffs. plastics/chemicals, and metalworking opportunities still undoubtedly exist. But increasingly attention will be continuin commitment to the focused on export possibilities, using feedstock from the large petrochemical plants planned for Yanbu and Jubail. The extent to which downstream



export factories will be erected depends upon the Governing a cheap capital and energy supply, and by subsidising the necessary raw materials many possibilities present them-selves, not only to neighbouring states, but to Europe. Asia and Africa, backhauled on vessels presently returning from the Gulf in ballast,

A dream? Perhaps. Few other countries would consider or could afford to consider such a programme. But there is a genuine concern for the educational, social and technical Must has been accomplished in the last 10 years, but standards are still not high. satisfying employment pros-

talents and expectations on one ment's approach. By maintain- hand and oportunities on the other must inevitably arise. The expenditure of a small part of the country's resources therefore not be a poor social investment. The current work-force in Saudi factories is almost entirely foreign: the combined need to keep wages low to be competitive and to employed skill men, sees to that. But without a much greater involvement of Saudis. in the workforce, experience with technology and skills will development of the Saudi continue to be remitted to Asia citizen, from a current low and to Europe as contract personnel depart. The temperamental disinclination of the Saudi to work in industry will Much more wil be done, in the surely change over time: a coming decade, but without subsidy programme to industry would hasten this change.

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Philips Progress Report

Giant project still on schedule Progress situation after 24 months:

44 SPC exchanges installed or upgraded, 30 of which during the last 12 months. Switching capacity for 212,000 local and 47,000 trunk lines has

been added. Switching capacity has been more than doubled in 24 months from 198,000 to 410,000 local lines, and the Kingdom's system has been transformed from electromecanical to SPC standards.

29 of the previous exchange buildings have been expanded and modernized to house the new SPC equipment. Construction of 8 new exchange buildings has been completed. Work on another 18 new exchange buildings is under way. About 9,000 specialist and labour are employed in the Kingdom for implementation of the project.

Saudi Arabia makes telecommunications history

February 1978

The Government of the Kingdom of Saudi Arabia recently awarded the Philips-Ericsson-Bell Canada Consortium a contract for, what is believed to be, the largest telecommunications project in history.

Within a period of three years the present automatic telephone network will be increased in capacity by 476,000 lines, and extended throughout the Kingdom.

Philips, who share equal responsibility with Ericsson for equipment supply and installation, will deliver 56 storedprogram controlled PRX telephone exchanges (of which 13 will be containerised) as well as all PCM equipment for the junction routes in the multi-exchange areas. Bell Canada will be responsible for system operation and maintenance for a period of five years. The logistics of this turnkey project, which has a total value of over U.S.\$3 billion, are prodigious. During construction more than 1,000 employees and their families will be accommodated in model villages built specially for the project. No less than 200,000 cubic metres of materials and equip-

ment must be transported to Saudi Arabia and distributed to work sites throughout the Kingdom. And to provide a direct means of communication between the various sites, a private radio network must be established.

Other joint responsibilities of the Consortium include the training of up to 600 local PTT staff on the operational, maintenance and servicing aspects of the computerised network. This will be carried out in specially equipped schools and repair centres.

An important part of the Government's second five-year plan, whose aims include diversification, industrialisation and the rapid development of education and social services, this ambitious project will firmly establish the Kingdom of Saudi Arabia at the forefront of modern telephone communications.

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Problem of public services

THE TRICKY thing about in frastructure, as Saudi Arabia is discovering, is that the more you build, the more you need. The Second Five-Year Plan declared itself intended to lay the bases for productive prosperity, but every worker brought in to run the burgeoning utilities sector himself creates the need for more utilities.

On top of that the infrastructure of public services is un-glamourous. It is easier to get money for a military city no one needs than for swamps to be drained in Qatif. Nowhere is that shown more plainly than in the six months' it took to find the money for the desperately needed emergency sewage network for Jeddah.

Any visitor is aware of the overloaded sewage pipes, bursting into dank puddles, and the sour smell that hangs over the town. The sewage system was built 20 years ago for a popula-tion then of 60,000 and an anti-cipated growth to 200,000 now, covering only the centre of town. Sert Jackson, the con-sultant drawing up a master plan for the next ten years for the municipality, estimates the present population at 1m. The single existing treatment plant is working at its full capacity of 40,000 cubic metres a day. In some areas, six-inch piping will simply not take the load.

The Western Region's Water and Sewage Department drew up plans for an emergency system to carry 96,000 extra cubic metres a day for the five or six years it will take to build an entirely new mains network covering fro mthe north of the new airport to the far south, roughly the city boundaries Sert Jackson anticipates, and capable

of serving 3m people.
Twenty-four companies came forward, but it proved impossible to squeeze the money out of a Ministry of Finance and National Economy given to tak-ing the idea of controlling the money supply literally.

The award, worth SR 147m, eventually went in March to a joint venture of the Saudia Electro-Mechanical Company and the American Lyco.

Overheated

The trouble is that there is no co-ordination in urban planning in the kingdom. Private determines growth. Master plans have been pushed asideby overheated expansion, no statistics tell an authority on how to plan. It is remarkable that nowadays almost everyone receives water when they turn on the tap or switch for elec-Perhaps, when Saudis look at the mess they have made, Sert Jackson's plans or CH2M-Hill's four year planning able chance of approval.

One significant move for the builders of infrastructure was a decision three months ago by the Higher Committee for the Development of Riyadh that no high may be started without permission of the Water and Sewage Department. Only when it is clear services can be provided would leave be given. It was the first decision of its kind, although time will tell how much more effective prove than earlier

forgotten land use policies. Riyadh is facing the same problems as Jeddah, the overloading of its sewage treatment plant so acute that in March a construction contract worth SR 241m was let before a consultant had been appointed. Again, a 40,000 cubic metre a day installation is struggling to handle an estimated 1m people. A parallel can be drawn with the capital's electricity supply situation, although work is in hand there that will cover demand in two years. Abdul Aziz Abdul Wahed, the director

scheme. SCECO officials say progress is on schedule; in January, two 400,000 kilowatt generators, with a further two to follow in a SR 2.8bn project, were inaugurated at Ghizlan.



started an efficient city bus service in 1979

URBAN DEVELOPMENTS

TIM SISLEY

Company and Suburbs, has unplanned expansion for slow supply and put growth in consumption at 50 per cent a year, the world's highest rate: The frequent power cuts were so notorious that King Khaled himself complained, and a Royal Decree was issued for a formed to take over the supply of the whole Central Region in

Work under way at the moment will give the city a 130 kilo volt, double-power circuit, with the facility of hooking in additional generating stations.

generating An original capacity of 550 megawatts is being increased by 550 megawatts and 800 megawatts, under a 1977 contract with Brown Boveri of Switzerland and a 1979 contract, for 16 50-megawatt oil-fired gas turbines, with General Electric. General Electric won the award as the lowest bidder, at SR 742m, from Mitsubishi and Toshiba of

Unification of the present hodge-podge of suppliers is the long-term ambition. Although the area of the kingdom miliproject in the Eastern Province conurhation will have a reason. American consultant Charles T. Main for the Saudi-United States Commission, envisage four regional grids to accommodate a 16-fold increase in con-

> Officials say the first steps are to link Riyadh and the Eastern Province and Jeddah and Mecca, the latter due to be completed

The private firms supplying Jeddah, Taif. Mecca and Medina are soon to be merged into one company, following the lead of tricity Company in the Eastern Province.

Three years ago, when the area used 920 megawatts supplied by 26 companies so far behind requirements that Hasa had a two-week cut one summer. vide 6,000 megawatts by 1983. Aramco has the management contract, and it is supplying the fuel from its gas-gathering

Rural power development is in many ways an easier matter-There the Government's General Electricity Organisation starts from scratch. Four projects commissioned in 1977 came on line this year, in Jizan, Asir, ing the Kharj and Baha. Bids are being Riyadh. examined on a project for Qassim. The 1977 schemes were carried out by Third World companies after allegedly inflated Western bids were can-celled, but the GEO has gone back to the West for the Qassim

tender. Plans for next year include electrification of the areas around Taif, Hail, Jouf, Najran, Bisha and Nammas, but no contractors have been selected. The Taif project will cost SR 100m.

Detailed

On the Red Sea's Tihama plain, British Electricity International, an arm of the regional electricity boards, is carrying out detailed designs on an electrification project.

The statistics show that the projects are paying off. In towns, the kingdom had a generating capacity of 9,435m tates against the establishment kWh at the end of 1978, 35 per of a national grid, plans for the cent more than the year before. cent more than the year before. The number of subscribers rose during the same period by 20 per cent to 534,783. Jeddah added 158.8 MW to a capacity of 428.4 MW during the year.

Almost all expansion is financed by the Saudi Industrial Development Fund, which since 1975 has committed SR 18.3bn and disbursed SR 16bn through its Electric Utilities Loan Department. The Fund estimates power development of the next five years alone to cost SR 45bn.

In addition to that, the Government paid out SR 1bn during 1979 to assure private power companies of a 15 per cent profit. It is not money that is liable to be returned, as electricity costs 8 halallas a

The Saline Water Conversion Corporation, the state agency charged with desalination, is another heavy loss-maker. calculates the cost of its water at between \$1.70 and \$2 a allon, but at the moment gives it away free to municipalities as no pricing formula has been devised. There are hopes that

five years, though. The SWO has almost SR 25bn in proje completed or under constru tion, with a further SR 6bn SR 7bn in work due to be over the next two years.

SWCC's major achieveme has been to supply 38.5 gallons a day towards a dema in Jeddah creeping up around 45 mgd. Of complet projects, all but the 7.5 m Alkhobar I are in the Weste Region, and the past year seen a concentration on supp ing the Eastern Province

SWCC's assumptions demand suggest that by the Western Region will sume 194 mgd, Riyadh 239 and the Eastern Province 0 mgd. Work in hand, even the the huge 249 mgd of Jubail. will barely keep pace.

The past year has seen he significant award, of SR 2bn of construction work on he mgd Akhobar II plan to Kraftwerk Union. Babcock and Wilcox ind Hyundai, and one major cithat will cost SR 2.1bn. ontracts for the supply of 5,000 tons of steel piping ere awarded earlier this ye to Japanese, Italian and German firms, and bidstave

Riyadh's consumption now ightly below 50 mgd at it by the middle of the The pipeline decision recognition that ther eventually be no other hoice. Before that, plans for creas-ing the capital's water upply had depended on pping reservoirs of prehistori water in the area, and there is been some apprehension overleplet-ing resources: the abouth project, which came ostream late last year, involves trilling 1,760 metres below the surface to the Minjur Aquif while Hofuf wells tapping the eojene Aquifer are only 10 metres

deep.
The largest aquifer oject is at Wasia, which strehes to a terminal where the ater will be mixed with Jubail ater, the dilution obviating the ecessity for reverse osmosis eatment as the older and naser water is drawn up.
There is worry abit waste.

st award for a closed system, volving establishing a double lumbing network for 40,000 allons a day in an apartment lock for the British Joint enture Sandian Try; in Mecca, Itiaith Pharaon's Redec is proosing using two mgd of treated wage water for the irrigation

In Taif, awards are expected in the summer for a dual netverit designed by the Swedish viak to recycle 63,000 gallons day for non-drinking uses, quarter of all water used in

The infrastructure of utilities ems only now to be in a posiion to try to overtake rising lemand while strides have been nade, they have followed needs rather than preceding them. In housing, the most basic

eeds of a roof over people's eads have been satisfied, but high rents are still a curse and much accommodation is reviously below standard. Sert ckson estimates that there are in Jeddah 173,000 housing units. 529 of them palaces, 13,000 villas, 94,600 flats and 51,000 shanties. The figures are deceptive, for a single slum will often house half-a-dozen or

more immigrant labourers. Jeddah has grown to today's million people from the 596,090 shown in the 1975 census. The planners agree that the rate of growth is levelling, but it still leaves a major task for the next five years of improving housing

Providing a roof is no longer felt urgent in the big cities. In Jeddah, 2,000 flats have been finished at the Jeddah Towers development, although they have been unoccupied for a year while a ministerial committee tries to think who could tolerate living in their concrete waste-land, and the Medina Road rush programme and the Prince Fawaz Co-operative project are under way. Instead officials of the Ministry of Public Works and Housing say that the next plan will concentrate on lowincome bousing in rural areas: in Najran grass hots are

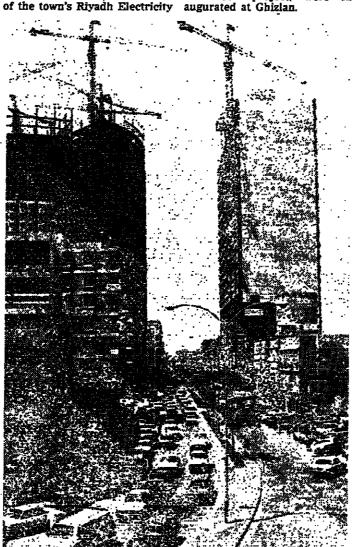
Empty

Construction costs have com down to SR 1,200 and SR 1,400 square metre, and rents in System, a project to pipel 35 mgd of Jubail II sweet tter the 466 kilometers. mates there are 20,000 or 30,000 empty apartments in north Jeddah alone, and To Let signs are frequently seen.

Nevertheless, the inability of young couples to afford a flat is lamented in the Press, and it is on the constrition a mark of official concern over the socially deleterious effects of the break-up of the extended decided that all future state housing projects will be of villas rather than apartment blocks.

The poor are still often home less, though, and after the Mecca incident late last year municipalities to speed up land grants to Saudis, a move clearly intended to satisfy dissatisfac-tion. Possession of land for building allows Saudis to claim Real Estate Development Fund loans of up to SR 300,000 for housebuilding. In Jeddah, 10,000 applications have been lodged for plots on the 12 sq kms of virgin land to which the municipality is now laying ser-

Bahrain from an out op 110 The REDF is the main kilometres to the east Riyadh. provoker of private construction, its 25-year soft pans gallons a day to Riyth from having fuelled almost all private development since its establishment in 1975. So far, despite its closure for nine months in 1977 to slacken an inflationary pull, it has committed SR 38.8bn and disbursed SR 31bn. The Fund expects demand for loans revenues from water and electricity sales will cover an operating bill of SR 750m in the British Eflo Intractional few years.



New buildings rising above Khazzan Street in central Riyadh



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SAUDI ARABIA XV



The Jeddah Towers, a complex of high-rise buildings, dominate the horizon—they were completed last year and are intended for housing poorer Saudis, but as yet the towers are unoccupied

Workforce depleted by move to the towns

ENOUGH HEAVY hints have been dropped to make it clear that a significant thrust of the Third Five-Year Plan, which starts next month, will be the development of Saudi Arabia's agricultural potential.

Curiously, despite rural de-population, inefficient farming, poor land use and a lack of training, agriculture has survived official neglect to turn in a respectable growth rate over the five years of the Second Plan. It could be better, though.

While the average growth rate of 4 per cent in the kingdom's agricultural sector higher than that of most other developing countries, its share of Saudi Arabia's non-oil gross domestic product has dropped 2.4 per cent in 1978. With perengaged in farming, it is clear there is room for improvement.

Much of the trouble is the bright lights of the city. Figures on rural depopulation are elusive. Ministry of Agri-Water statistics record a decline in the proportion of the workforce on the land from 40 per cent in 1970 to 28 per cent in 1975. A rethat in 1977 agriculture provided a livelihood for 470,000 settled workers and 160,000

The same report pointed to a decline in both the total cultivated area and the output of the kingdom's farms. Certainly, the evidence of the eyes will persuade that people are leaving the countryside to settle in the cinde-block slums that ring the cities. In Jeddah, old bedu women pick garbage from the rich

Awareness

Only 0.24 per cent of the country's 220m hectares is under cultivation, a third of the 1.5m to 2m hectares the Government believes capable of being

Much of the area now under the plough is poorly used, particularly in the south-west, as the absence of primogeniture breaks up land into uneconomically small holdings, mechanisa-tion is not widespread and marketing is so under-developed that there is little awareness of what produce can sell.

On top of that there is no system for distributing information to farmers, so there is a tendency to follow fashion in planting and create gluts that prevent their earning enough to reinvest for efficiency.
A complicated subsidy system

works on head of livestock or number of palms, rather than on output, so there is an annual surplus of water-melon and



Many farmers still tend very small plots by hand. Here a farmer works on his crop at a village near Riyadh

foreign research teams, sent

settling a heard of Friesians.

the local Saudis could appreci-

farming. Success was reported.

15 years half the arable land has

been abandoned as leaching encrusts the soil with salt and

the wind covers it in sand, a

mission of 33 Taiwanese is doing

the same thing with vegetables.

matter of teaching local farmers

to ad delay to their soil to help

High volume

Alfalfa is the second priority.

To that end, the Swedish firm Agriconsult, a daughter of VBB

and a member of the SAPP

umbrella group, was recently awarded a six-month study of

seed production in the Kingdom, a project worth SR300,000. The

study will go towards a moster

plan for seed production and

processing. The firm will draw

up specifications that will be

used to ensure that the high

volume of seeds imported is

says, the first of several that will

obstacles to agricultural effici-

ency; as though work at the

moment is a matter of preparing

for the promised efforts of the

Dairy farming is developing

been a vogue for private busi-

some signs that fashion will

swing to dairies as property and

next Plan.

for comfort.

with removing other

suitable for Saudi cultivation. The award was, Dr. Saleh

officials.

Much of the training is a

In Hasa, where over the past

the benefits of scientific

AGRICULTURE

TIM SISLEY

dates with a glaring deficit in almost everything else. The subsidy system has other

assessed on the number of sheep and goats a man owned was abandoned last year. The idea was that the money would go on fodder, but instead the animals were kept at subsistent level and the cash was spent on cars or cassettes. Sadder but wiser, the ministry distributed the feed instead, with stern warnings against selling it off.

Saudi Arabia Last year, Saudi Arabia imported 4.98m tons of food by sea alone, more than half demand. Sugar, rice, oils and fats are almost entrely imported; less than half total consumption of wheat and flour, milk, meet and eggs are produced locally,

according to officials.
It seems that the Government sees the main emphasis of the next Plan in stimulating agriculture more by the encourage of agriculture-based industry rather than by developing farming itself. An industrial zone is planned for Khamis Mushait, to rely on industry that will be fed by the terraced farms of the area. They speak of correcting the stress of develop-ment on the cities through infracstructural redirecting investment rather than of directly improving farming.

But things are nevertheless moving, long patient work beginning to bear fruit. Much of that is in the efforts of

0.2 litres a day of milk, or its equivalent in products. Alfa-Laval, of Sweden, is working on a SR150m contract awarded last year to develop a 2,500 hectare farm at Kharj for Prince Muhammad al-Faisal where a produttion of 50,000 litres a day planned from 4,000 Holsteins

Those projects illustrate the cost implications of starting a into areas to expand production farm from scratch. Although at the same time as instructing land is given free to projects costs, including irrigation on In Hofuf, the University of integrate dfarms, power, wells and water treatment facilities, North Wales last year finished eight years of extending cultiwill run to between SR 45,000 area, developing local breeds of cattle and sheep and and SR 60,000 for each animal Then, with as good as all labour imported, running costs are going to be two or three times Two 50-hectare demonstration areas were established on virgin those of a European or land, one for milk and the other American farm. for forage crops, both costed so

That is offset by higher prices in Saudi Arabia, as well as by significant subsidies. To stimulate wheat output, the State's Grain Silos and Flour Mills Organisation announced it would buy all wheat at SR 3,500 a ton, some four times the European price. At least six large-scale wheat farms are near final agreement

Expenses

it hold water, to grow tomatoes on poles or not to pull garlic out It was the first use of the by the roots, but their research subsidy as so extreme an encouragement. Until then the work has longer-term effects. A hybrid local and Taiwanese rice Arabian Agricultural can be harvested three times a Bank, a state agency, had relied on underpinning operating season and leave room for long an ambition of costs and the expenses of mechanisation. Last year, it disbursed SR 709m in 23,759 Present plans envisage Saudi Arabia being self-sufficient in ioans, a quarter of that on the wheat production within the purchase of machinery and 18 next five years, according to per cent for irrigation equip-Nasser al-Saleh, director-general ment. Subsidies accounted for of agricultural development in the Ministry of Agriculture and SR. 384m.

Most lending is over five or six years, and there is some grumbling that repayments start to bite at the exact moment a new farm starts turning in profit. The SAAB is now undergoing reorganisation under the Saudi-United States Joint Commission, and there is some hope of - a more aggressive attitude to lending coming out.

Water remains a constant As good as all of the Kingdom's settled farming is carried out in the high and cool south-west and the oases of the Central Region and Eastern Province, with pockets of activity in the West. What little there is elsewhere depends on unreliable semi-arid rangeland. There was rejoicing at the winter's rains in Riyadh after two years of drought.

Although 20 of the Kingdom's 33 dams have been built in the past four years, with 13 more under construction, there is still not enough water to go around The Ministry has made

more quickly. There has of late nessmen to establish recombinastudies of the major wadis of the southern Tihama and of the tion plants to feed growing demand for dairy products, but with several large farms finished huge Wadi Dawassir to determine their potential for use in irrigation of virgin land, and or near completion there are action is expected in the next Plan to release uncultvated land through such projects.

importing become too crowded Nevertheless, even substantial investment will not be Masstock Systems, a British-Irish company, is establishing likely to go further than stretching the boundaries of land now six farms for five princes and one princess in the Nejd and the cultivated. If nothing else, the Eastern Province, with 2,200 cattle of the Holstein strain of constraints of the manpower crisis will militate against settling new areas. Efforts are Friesian. The now supply Riyadh with 20,000 litres of probably going to be concentrated on improving the efficient fresh milk a day.
The average Saudi consumes use of traditional areas.



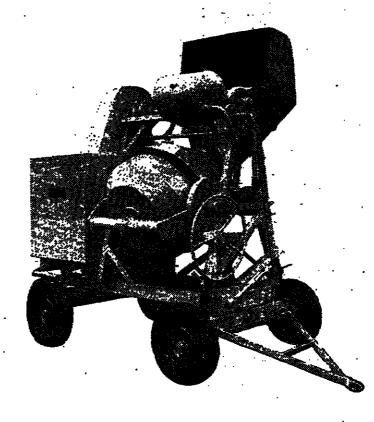
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SAUDI ARABIA XVI



The Jeddah desalination complex: much of the kingdom's water supply depends on this expensive production method

Foreigners carry most of the workload

MANPOWER

TIM SISLEY

IN THE old days, slaves and women did all the work in Saudi Arabia. Their places have been taken by foreigners, equally essential and equally treated as lesser beings. Their hosts are increasingly resentful of their skills and their numbers, but despite a growing xenophobia, there is no sign that the Saudi manpower crisis

is doing anything but going from bad to worse. The most conspicuous failure of the Second Five-Year Development Plan has been in its manpower policies. In 1975 it predicted for 1980 a Saudi labour force of 1,518,000 alongside 812,600 foreigners; although no exact figures are available, officials assume that the present workforce of 2m is 75 per cent That may be too optimistic.

Not only that, but a high pro-portion of Saudis are with the Government or in senior managerial positions. Productivity depends on the foreigner, on the Egyptian clerk, the Pakistani building worker, the Thais who man the shiny new factories and the Europeans and Americans who provide the Kingdom's technical expertise. Some argue, too, that increases in productivity are solely owing to increases in the workforce.

Sheikh Hisham Nazer, the Planning Minister, has said that the Third Plan, which begins in May, will decrease the pro-portion of aliens in the workforce to 55 per cent, cutting down on their numbers but keeping those with skills. The point has now been reached, he says, where either their presence must be reduced or Saudi Arabia's ambitions must be

Uppermost

The fear is of some undefined social crisis arising from the number of aliens in the country, the apprehension of being swamped leading to some explosion of discontent. It is understood that the presence of large numbers of foreigners was uppermost in the minds of ministers reviewing the Third Plan, and ordinary Saudis share the view: "I don't want to defend foreigners," one recent newspaper column began.

That said, it is probably true that the peak has been passed. A slower market and the appalling difficulties of importing labour have curbed demand in construction and forced greater efficiency, Saudis who chose the Second Plan's extended educational opportunities are coming to work, and the State's demand for labour-intensive infrastructure building

Still, the next Plan will emphasise heavy industrialisa-tion and the maintenance of past five years, and it is hard to see how major reductions in official intention to obstruct would-be importers is bound to pay off, but only at the expense of slower growth.

The question is more how to attract Saudis to the dirty jobs. Most enticements have so far failed. The showpiece vocational training centres have been almost utterly neglected in favour of the glamour of university: in this academic year's intake no one applied for courses in masonry, metalwork or tailoring. This year, 2,230 young men signed on for learning a trade, but there are 15.000 of their fellows at university in the U.S. alone, and the king-dom's six universities filled every single one of their firstyear places.

Those who cannot make it to university prefer employment with status: the national airline, Saudia, had 1,650 applicants for this year's intake of 450. For the quite unqualified, there are the taxis and lorries that bring in SR 10,000 a month with little effort.

So far, the Government's attempts to do something about the situation have relied, this being Saudi Arabia, on prohibition rather than encouragement. An order was made recently to ban those under 35 from driving taxis. Contractors now have to lodge bonds for the

some debate over how the two duties can be reconciled, the bring in that are assessed on a scale rising from SR 100,000 for the first 10 men. It is as hard arguments for cutting subsidies led by the young Turks who follow Sheikh Hisham, and the as ever to overcome Interior Ministry paranoia. A recent report tactfully

shortage of manpower. Officials, though, argue that public resentment of foreigners creating significant social pressure on men to do productive work for the public good.

restrictions

It is not a work ethic that depends on individual ambition, they argue, but one that arises from a national pride. In the Eastern Province, Aramco's 40 years of Westernisation have spread the ethic more widely, through society.

suggested that its "apparent

might be the sole cause of the

administrative

Whether that arugment is valid is another matter. There are not many signs of many Saudis taking a pride in their work, and few people have ever seen a Saudi artisan. Indeed, the same report spoke of Saudi employers being reluctant to off having one. Inefficiency take o nother Saudis for fear results. To counteract that sort of atti-tude, the Information Ministry regularly urges the Press to enthusiasm towards develop-

The people expect the Governcash, now of an array of soft loans and susbidies. Everyone piece of the action. Thus, fishermen are given SR 10,000 a year to encourage them to stay in business, but instead they buy a Toyota pick-up and head for for more disciplined and efficithe city. Real Estate Developent manpower. Although the ment Fund loans go on speculation long after the housing ticular are rising, standing now boom has deflated; and students at 80,000, as against 40,000 two go on to the furthest degree in years ago, Saudi businessmen the more agreeable Californian are sticking to the traditional

things away, but it is a clear tions impedimnet to developing a productive society. There has been Saudis in the country is of

next Plan will show if either

Nevertheless, there will still

not be enough Saudis to go around. An inflated and inefficient bureaucracy is a drain on the private sector, attracting included. graduates with short hours, slothful work, the chance of a dizzying rise and a blind eye turned towards private business

The Public Personnel Bureau last year appointed 12,000 people to the civil service, not enough to fill all the vacancies A World Bank study has found too many civil service posts reserved for Saudis, and reform has been long promised.

Promoted:

Where there are Saudis in the private sector, they are frequently promoted above their heads. Every firm likes to show

So the foreigners continue to carry the load, and relations are increasingly strained. There seems over the past year to have been a drift towards treating non-Saudis worse than before. pinching pennies on salaries or The difficulty is that Saudi fining them for slight mistakes: Arabia is still a tribal society. it is not an aid to enterprise when a Pakistani clerk faces ment to buy their loyalty: once losing a tenth of his SR3.090 a matter of simply distributing month salary for not playing safe. At the same time, a growing intolerance is noticeable of can do his sums to achieve a Western employees, with the rough idea of likely surpluses, Sub-continent favoured for more and everyone expects a free pliable managers. Challenges

ars disagreeable. Far labourers, there is little sign that any but foreign companies are going to the Far East ticular are rising, standing now are sticking to the traditional Yemenis, Egyptians and Somalis. The State cannot stop giving They put up with worse condi-

Yemenis, rather more than 600,000 on the basis of a Swiss census of North Yemen. They are alone in receiving work permits automatically on arrival, and without the need for a sponsor make up the largest pool of legally mobile labour. Egyptians are thought to follow, with 250,000. Pakistans with 200,000. Lebanese with slightly less than that, and South Koreans with 80,000.

British Palestnians are believed to number 80,000 with under half naturalised, although that figure would probably be higher if Lebanese Palestinians are

It is difficult for Westerners to bring in wives and children, and even with a generous allowance for familes of a worker it appears that estimates of the foreign presence at 1.5m are too generous to the Saudis. So what is to be done?

Drastic action has been promised for the Third Plan. with conscription to fill the undermanned armed forces and a winnowing of the civil service coupled with severe restrictions on university entrance in favour of technical training. With that will go a campaign to burnisb the image of the dignity of labour. The question remains whether the Government has the courage to do it.

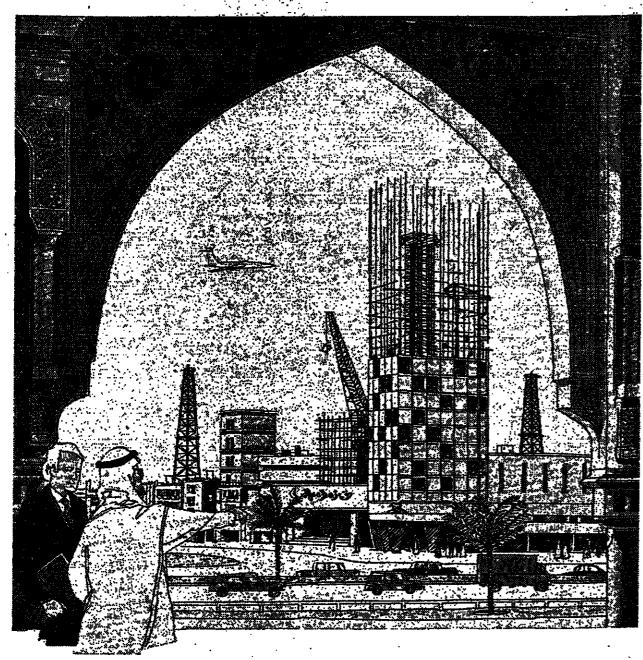
obvious change can be carried through, allowing women into the workforce. At the moment, they may only be employed as teachers or social workers, or in medicine, ocnservative pressure having limted King Faisal's liberal 1970 Labour and Workmen Law. A committee from the Council of Ministers is at the moment studying where they can be modestly employed, and Sheikh Hsham says the question is no longer whether or not they should work.

There is certainly a rising demand among women that they be allowed to patricipate, and with girls starting to come in significant numbers out of an educational systems that is only 20 years old the pressure is not likely to ease. Their men do not like it, as there is a stigma of poverty attached to allowing a wife or daughter to earn a living

Equally, there is an official commitment to a high birth rate, but the time has passed when there was a choice. The manpower crisis is too severe.



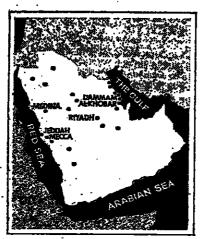
Foreign workers predominate in the construction industry. Here they are working on the construction of a new flyover in the centre of Riyalli



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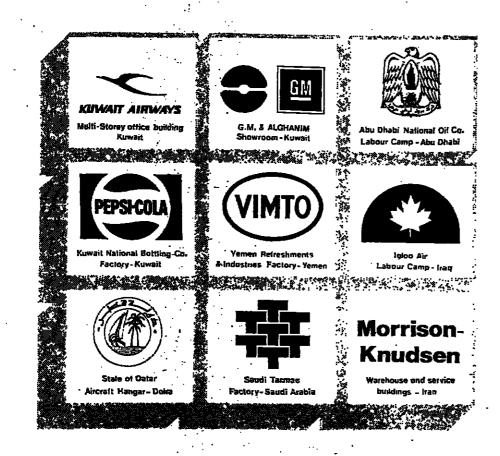
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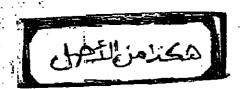
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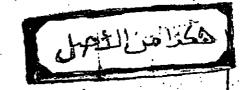


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SAUDI ARABIA XVII



No easy profits for contractors

countries, especially those of reinforce the proclivity towards the Middle East, continue to driving hard bargains and present most of the brightest dictating harsh contract terms. spets for contractors in the Only the elimination of infra-

The decision may have been terms to the level of the past two, but the growth of 7.6 per cent in 1978-79 and

This weekly journal recorded the award of contracts totalling just over \$40bn in 1979, of which Saudi Arabia accounted for \$16.7bn, or nearly 42 per cent compared with \$5.9bn, or nearly 15 per cent for Iraq. The figures give a fair picture of the scale of Saudi Arabia's development pro-

Precisely because Kingdom is a large and expanding market (out of all proportion to its small population) competition is as tough and intensive as the attention focussed upon it by world busitness. Following the furore in 1977 over "inflated bids" and having twice in 1978-79 had to dip into the reserves to finance expenditure, Ministries are as obsessiv eas ever in looking for bargain prices, often seemingly regardless (outside the field of high technology) of

Payment delays of a kind hat cannot be wholly to bureaucratic inefficiency have continued, even if not on the scale experiin 1978-79, with no re-imbursement for the cost of interest on the borrowing side.

squeeze of competition and the fact that envisaged in the Taird Five performance. The Kingdom will 5 per cent commission laid down Petromin are a relatively new structural bottle-necks since Apart perhaps from inscrut- 1976 has alleviated the rigours

Adding to the difficulties, taken to restrain spending over however, is the growth in im-the next five years in real portance of the question of terms to the level of the "princely prerogatives"—the t two, but the growth of need to be in league with an per cent in 1978-79 and agent representing influential per cent in 1979-80 was members of the Royal Family. more than most countries could On top of the time-consuming contemplate or afford. Just how and expensive procedures of an much Saudi Arabia dominates the market can be seen from the findings of the survey undertaken by the Middle East Economic Digest.

This weekly journal recorded the award of contracts totalling to the cost of projects the paradox that they add significantly to the cost of projects totalling the above board. - eliminating the above-board savings to the Government in-

> Fixed price contracts remain the rule in the public sector with the exception of the projects handled by the U.S. Corps of Engineers and the Arabian American Oil Company. The elimination of infrastructure bottle-necks and the reduction of inflation rates to reasonable levels has made inflexibility on that score much less of a burden and a hazard. Yet the variables still exist, not the least the dangers of the client insisting on changes of specification.

volved in the horse-trading.

Harsh penalties

Penalties can be harsh under the contract terms imposed. A company falling behind schedule can expect fines of up to 4 per cent of the value of supply contracts and 10 per cent s of a kind of the value of public works be wholly contracts unless the delays from circumstances which are beyond its control— an issue that is invariably the subject of bickering, with all the cards stacked on the Saudi

recessions is felt throughout Saudi Arabia is very much a Year Plan there will be fewer the world the oil-producing seller's market has tended to monster turnkey projects and jumbo contracts," apart from the big industrial joint ventures slated for Yambo and Jubail. In general there will be a shift from basic infrastructure to the productive sectors of industry able Iraq, most alluring in of what must be regarded as and agriculture on the one hand, terms of money is Saudi Arabia, one of the toughest of markets, and urban and rural development on the other, while many large projects underway such as the telecommunications system and the military cities will

continue. The overall development pie will probably be cut into

not contemplate international or independent arbitration, providing for settlement of disputes only through its own Grievances Council. The unconditional nature of the performance bonds required still causes concern, despite the fact that the Sandi Government is not known to have called in any of signi-

Indeed in the case of the difficulties encountered by some foreign contractors it has shown some patience and concern over the company's attempt to extricate itself from difficulties,

CONTRACTS BRYN WILLIAMS

smaller slices, particularly of a size that local business can digest. The world of small contracts, though more humble, is generally less risky. There is now a big premium on com-panies forming joint ventures

with Saudi interests. The bid bond required by State departments and agencies is still at one per cent compared with the two per cent demanded some years ago and the 5 per cent_set by Iraq. Nevertheless, given the delays in the award of many contracts the amount of money tied up unproductively over a long period can be very large. The most netable recent example has been the protracted indecision over the scale and go-shead for the new University of Rivadh complex for which the lowest bid was no less than \$3.4bn-meaning a bid bond of

Saudi Arabia insists on performance bonds covering 5 per cent of the value of the project, rather than the 10 per cent demanded by some Arab In keeping with countries. programme them, the client is sole judge of

With a job that is well underway that makes more sense than

calling in a bond.

Advance payemnts of 20 per cent made to help with mobilisa-tion should be regarded as generous funding arrangements. Like bid bonds, these, quite reasonably, have to be covered by guarantees. So, too, do bonds required to release retention mnoey or guarantee warranty obligations for periods longer than the one-year maintenance period considered normal in the

Arrangement of guarantees in itself remains a big preoccupation that has hardly been eased by the greater number of banks competing for such business. The novice without the right

connections, whatever his competence and competitiveness, will get nowhere and become lost in the intricate maze of commercial politics, unaware of the traps and pitfalls. The imon others indicate that little has portance of the "right" agent been done. Commissions is perhaps more important than anywhere else and the maximum

by the Government a few years ago not unexceptional Most good agents are booked

solid but not averse to taking on more clients than they can properly handle evn if they are opposition to others in the same stable. Beyond that—source of both confusion and help—there are plenty of foreign consultants offering their services, not the least former diplomats, defence attaches and spite. Those with the right access are a rare breed and few acn help in the more rarified heights.

Under the table payments to secure a contract are perhaps. he simplest instance of those nurkier realms of contracting in Saudi Arabia—the money might prove to be both of no avail and unrecoverable, mean the difference between profit and loss, or even be dangerously counter-productive. A South Korean company offered \$8m in bribes to one Saudi official win sub-contracting work on massive military installation. a massive military installation. Their local manager, who was was clapped into prison for 30 months—some observers believe because the amount was considered insufficient.

The \$250m paid out by one West European contractor to obtain a contract-which it did successfully-failed to save it when its Sandi sponsors were unable to obtain a price in-

Some years ago the Saudi Government set a maximum of per cent commission for agents and the Crown Prince Fahd stated the regime's intenearly in January of eliminating irregular practices that most of the civilised world would regard as corrupt.

The terms of recent "direct" agreements with a number custimers and negotiations demanded and paid for crude by the State-operated

Interested buyers approached by representatives of one or several of a small

group of princes with influence at the Royal Court. They are told that the quantity sought can be obtained if a commission is paid over and above the official selling price which is currently \$26 per barrel of Arabian Light.

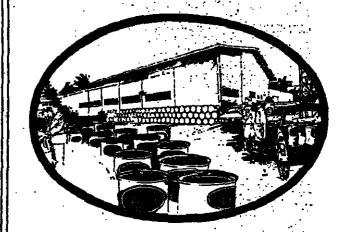
When the level of the

premium " has been negotiated, a directive is sent either by the Royal Court or the Supreme Petroleum Council to Petromin to supply the oil. The State corporation receives the official selling price while the commissions to the Saudi beneficiaries and other go-betweens are paid into separate accounts. Commissions of up to \$10 per barrel are known to have been asked and as much as \$5 believed to have been paid.

This novel practice relates to a specialised field having nothing to do with contracting. It has, however, highlighted the way the principle of "princely prerogative" works. In the final analysis most major contracts — though not those handled on behalf of the Saudi Government by Aramco and the U.S. Corporations - are only won in the final analysis when a commission has been built

into the price finally negotiated. In deciding the outcome of a tender the crucial factor is the agent's connection with a powerful price or Minister or official - usually a combination of all three who will enjoy a commission that can vary from 5 per cent to 25 per cent, though some have been as much as 33 per cent. In the big league only a dozen or two princes obtain the lion's share of the pie, including a young coterie with

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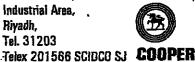
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Uneasy combination of styles

Under

of Fouad Quatorze and Marbella Modern. From the red-brick viscera of the half-finished buildsense of groping, of disloca- no clue to the existence of at use it for its own sake is idiotic tion, amid unfathomable wealth least 20 levels, each covered by —well, that is the most difficult

To not a few Saudi architects of adolescent taste, is it becomsolution as yet, the problem has arch. Famous for its direct indeed. at least been recognised.

A regional vernacular still exists. In the Asir, the lovely south-western province, the houses and watch-towers that remain were built of clay with projecting rings of slates to protect the walls from rain, more plentiful in this region than anywhere else in the

Enlivened by daubs of bright blues, greens and yellows and pointed at the four corners, the houses, with stables on the ground level and upper storeys for the family, grew in height as the generations proliferated, keeping the clan under one roof and preserving scarce farmland-

Farther south, in Nairan, the land is dotted with wattle and daub huts, conical hives remarkably similar to those of Africa. The tiny villages are sur-rounded by a network of low, dark mud walls which act as fences and as dykes when the

wadis are in spate.

In the Nejd, virtually all that remains of indigenous architecture are the ruins of Darriyah, the family seat of the Al Saud. Squatters hang their laundry.

now, from the topless towers of pale yellow mud. Rain and wind have filled in many of Riyadh University's new and mpty campus.

In the cities of the Hejaz, coral rag still maintain a Venetian facade. tenuous hold. In these, the high windows were fronted with small porches of mashribiyyah. or wooden lattice work, which caught the cool, upper air and

Clustered together in a complex patern, the houses formed a city turned in upon itself, away from the sun and the wind and the stranger. In one of the old city of

Jeddah's cul de sacs of startling arches. quiet, stands the Banaja house, courtyard of which is entered from a short alley off It is classical Hejazi architecture of the late 19th century. while at the same time holding

NEVER HAS there been such a A rectangle four storeys high out against the ill-conceived thing as Saudi architecture—a of darkly stained wood, the plagiarism to which it has lack of identity not surprising in house is actually a group of selfa country united only this century.

Arabian architecture of the Arabian architecture of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on the one of the Universities of Colorado widnows all poening on to the one of the Universities of Colorado widnows all poening on the one of the Universities of Colorado widnows all poening on the one of the University of the courtyard beneath.

The complex is linked by a small, flat roof.

Th eastern side of the rec-

calls "client education."

"Cosmetics are useless," Mr. covered passages and enclosed Fayez asserts, "ut explaining to ings that litter all Eaudi cities, wooden bridges. Viewed from a client that Islamic architecture to the grandiose follies in the the courtyard, still shaded by evolved because of functional rich quarters, there is a a single tree, the facade gives reasons and that therefore to part of my job.

Add to that the delicate negoand clients, who see the vacuum tangle is a series of drawing tiations that only occasionally filled by shoddy manifestations rooms, ending at the north divert his clients from malachite of greed and bizarre expressions corner in a large reception washbasins, gold-plated taps, of adolescent taste, is it becomroom. The majlis, a long, narmotorised curtains and fluoresing offensive. This small but
row hall in which the pater cent lavatories, and the task of growing group is slowly trying familias would hold court, is designing a house of which he to give form to its splintered half roofless, the covered end is not to be ashamed when it is environment. If there is no running to an authentic Islamic finished is a difficult one running to an authentic Islamic finished, is a difficult one

ARCHITECTURE

JOHN CLOSE

access to the Mosoue next door. which is sitll frequented, the house has an integrity of design Saudi architecture has yet to live up to.

Though Saudi Arabla has all but left behind the era when regional buildings were signed and built by those who lived in them, architecture here has not yet come to terms with itself. Arabian architecture today is similar in approach to that of the Mannerists of the post-Rennaissance; it is a pro-cess of arranging, rather than creating, a use of established styles in rather eccentric recapitulation.

Mere effect

Motives which were once functional, as well as decorative, have been pasted on to buildings for effect. The office of the. the roofless buildings, until Western Region of the Ministry the floors reach to the triangu- of Planning has a facade of lar ceiling windows, just graceful, pointed arches which beneath the chipped and broken only from the inside of the crenalisted ramparts. Within offices are seen for what they sight of Darrivah are the mes- are: ornaments which no longer sive concrete housing blocks of support the building but, which, unlike the arches of the Doges' Palace, are not even an integral part of the structure and thereforlorn houses and palaces of fore lack the honesty of the

> Western and now some Saudi architects find such "Islamic" arches infuriating. Much as in the 19th century, when univers-ally admired old buildings were copied, architecture here has so far been reduced to borrowing much that has gone wrong, from what has gone before in a Jeddah Towers—which one way that both demeans the past Saudi architect called a "mis-

fraud. Even flyovers have "Islamic"

while at

The dilemma, then, for the architect here is how to avoid the thoughtless and the bland, which blanket Saudi cityscapes,

Everyone is a frustrated architect,' Mr. Fayez says; "but Saudis who have travelled or who have stayed home watching videos want to indulge them-selves. But I can't be just a mouthpiece for a client. I have to bring my training to bear because I'm selling not only my time but my imagination."

In designing private houses, Mr. Fayez often uses a modified "open plan," much favoured by Baroque architects and later Frank Lloyd Wright, in which each room mergers into the next and is given its own identity by projecting planes and heavy, interrupting structures.

Fayez enjoys designing private houses—"when a mini-ster or a prince calls up and asks me to build him a house, what can you do? It is an honour." But, as in everything else, it

is the Government which provides the easiest and most lucrative contracts. His Youth Welfare building in Abha is virtually a reproduction of an Asiri farmhouse, with such modern appendages as vast glass windows. His administration building at Jubail is a more subtle rendition of Nejdi architecture. It has the heavy, impentrable air of a desert fortress much like some of Alvar Aaltos buildings at the Massachusetts Institute of Technology.

If it is the Government that generates most of the business, then it is the Government that must shoulder the blame for and exposes the present for a take "-is a series of 32, 17storey blocks standing empty because a ministerial committee cannot decide who to put in them. If there was a Le Corbusier, who said before beginning his Pessac housing development, "I want to do something poetic," he was ignored at Jedadh Towers.

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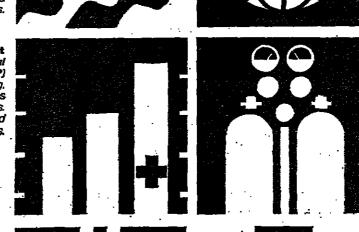
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Good progress achieved

infrastructure of transport in and port development in the

ment Plan, though, which begins built next month, could promise changes of emphasis. While all but the smallest centres are now served by some kind of road, mainténance and improvement. handle the present volume of imports, any increase above that projected would be a severe strain; and officials speak of a railway network to cover the whole country being studied over the next few years.

The most dramatic achieve ment perhaps of the whole of the Second Plan, and perhaps its saviour from collapse in the old overheated days, must be in port expansion. Over the past three years, the volume of sea-borne imports to the king-dom more than doubled to the 24.3m tons of last year.

The Second Plan, in 1975, predicted 13m tons of general cargo imports by this year; chaos was only averted by a massive building programme, but even so Jeddah, Saudi Arabia's largest port, worked at 85 per cent occupancy during the year, each of its 37 berths handling 1,208 tons a day.

Port expansion

Muhammad Bakr, the directorgeneral of the Saudi Ports Authority, says that 10 new perths will be needed for the Western Region during the next Plan, the only major expansion he will predict, to handle Jeddah's share of an anticipated growth in traffic across the country of 10 per cent a

At Damman, the second port, Sulaiman al-Muhanna, director-general, says pancy is running at between 60 and 70 per cent, and no significant expansion is planned, kingdom's favour. The port is Otherwise, the talk is of container terminals for Yanbu and Jizan, land reclamation in The SPA refuses comment, but Jeddah or a marine workshop it is understod design work is in Damman: tying up the loose under way. ends, in other words.

The high occupancy rate, though, is evidence to support those who argue for more capacity in the still unresolved

THE FUNDAMENTAL physical debact over where a safety. The most remarkable develop- and SR 2hn for recurrent costs. summer, and attention is turninfrastructure of transport in margin becomes a surplus. The ment of the past year has been Both amounts are less than the hig to the Riyadh ring road into Saudi Arabia is complete. The British consultants Peat, Marthe emergence of Jizan, on the year before, but there is which it will feed. Five Saudi roads may have holes in them, wick and Mitchell have pre Red Sea, which during 1979 clearly going to be little pros- companies were recently but goods and people can be dicted a 30 per cent surplus handled two times more pect of recovering capital spend- awarded 90 km of the northern but goods and people can be dicted a 30 per cent surplus handled two times more moved with a high degree of capacity in the Kingdom's ports imports, 1.05m tons, than during ing. efficiency. Work on road, rail by 1982, but the Hanseatic Port the year before, supplying the System and Planco Consulting growth of the impoverished Kingdom is now a matter of of West Germany have spoken south. Dumez of France finished consolidating, of building on of an overall shortage between a SR417m contract to clear the the solid progress of the past next year and 1984 if no channel and build two 340 further facilities beyond those metre berths, and Archirodon The Third Five-Year Develop- already under construction are was given a SR 200m award near half. Instead, officials

Much will depend on the ing three. Third Plan's allowances for con-Both Jubail and Yanbu last tinued growth, but all the indications are that there will be no year broke the back of their own slowing of imports. Mr. Bakr construction to move into are still needed; while the king- says satellite ports are under carrying imports for the devel-dom's 89 working berths can consideration for Jeddah; opment of the two planned in-

TRANSPORT

TIM SISLEY

smaller harbours to take some dustrial cities. of the load off. It is a proposal that has already both worked

The Ministry of Defence and cantonment and at Ras Mishab on the Gulf for the King Khaled Military City, near the Iraqi border, both installations that do indeed spread the load.

But the Ministry of Public Works and Housing's 10-berth ports at Qadima, north of Jeddah, and Ras al-Ghar on the Gulf, have stood idle for 17 months. Built to serve the Jeddah and Dammam rush housing projects and to take the heat out of its building materials market, by the time they were ready Jedadh and Dammam had rid themselves of

That, though, is not stopping the kingdom going ahead with an entirely new port of arguable economic justification. It is to be at Ras Abu Khomis, on the eastern side of the Oatari Peninsula, an area whose disputed ownership with United Arab Emirates recently been settled in the simply to stake an economic claim, as evidence of ownership. The SPA refuses comment, but

wher a capacity of 2.7m tons a year is planned three of eventual seven berths of the commercial harbour are finished. The prices of imported Aviation has a port at Sharma finished. The prices of imported on the Red Sea for the Tabuk goods have started to come the control of the con down in Medina as a result. At Jubail, where SR 9.1bn has been spent in the past two years, nine deep water berths, the open sea tanker terminal and the six metre quay in the industrial harbour were handed over. The port now has a capacity of 1.5m tons a year, creeping up

> With construction as good as out of the way, there is now an emphasis on finishing touches: the SPA las year commissioned Siemens of West Germany to instal a computer control system linking Jeddah, Dammam and its headquarters in Riyadh, a venture paradoxically spoken of as a move towarsd more autonomy for each port; a joint venture of Geotek and an Alireza company is charting the Red Sea for the first time since 1876; and a programme has begun to establish beacons on Red Sea Reefs.

towards the planned 5.3m.

for the kingdom's ports seems to have been shelved for the moment. In the present financial year, the SPA was given SR 45bn for capital expenditure will be mainly completed this have recently been ordered.

Mr. Bakr speaks of selffinancing as a long-term goal, but although revenues at individual ports are steadily closing the gap with operating xpenses they are still nowhere to add eight berths to the exist- speak of providing a service. and it can be assumed that subsidies will continue indefinitely. with few cash constraints on expansion.

Roads, equally, have done well out of the Second Plan. Sheikh Hussein Mansouri, the Minister of Communications, says that 72 per cent of the target in metalled roads has been met, with 9,400 km built, and 149 per cent of the target of unpaved road, 15,624 km laid. That gives the Kingdom 20,869 km of tarmac roads and 22,306 of dirt road.

It is likely that, by the end. much of the shortfall in metalled road

The emphasis on dirt roads is clearly owing simply to cost considerations; the ministry is charged with linking the remoter places of the kingdom as much as with highways, and the most recent official guide-lines of SR 1m for every kilometre of asphalt are probably out-of-date by now.

Over the past 18 months there has been a concentration. The promise of great things on three major areas of road in Saudi railways has often construction, with a pattern of ended in disappointment, but on the major contracts let involv- the one existing line efforts are ing connecting the villages of going ahead to attract both the south-west, linking the freight and passengers. At the Eastern Province and the moment it only moves 3,500 tons Central Region, and pressing on a day. Heilmann and Littman, with the Trans-Arabian High of West Germany, are nearing way from Riyadh to Jeddah via Taif. The northern Qassim tract to build a dry port in region has been favoured, too. Rivadh for direct delivery from A good deal of work under Dammam Port: Technital of way in the south-west is more Italy is studying a high-speed a matter of starting from scratch line to replace the present track rather than building on existing and cutting 100 kms off the tracks. The Binladen read from seven-hour trip; Archirodon is Taif to Abha, mainly finished working on a SR 300m award two years ago, opened up the to improve and correct the exist-The question of self-financing since then the largest contracts will be going to tender shortly have gone to connecting the for a new Dammam station.

section, and designs are nearly complete on the southern. In March, a contract was awarded a joint venture of the Greek Edok-Eter and Jax of Riyadh, worth SR 150m, for two bridges 800 metres high and 50 metres long to sweep the highway off the Tuwaiq escarpment outside Riyadh.

The last 18 months have seen too, a confirmation of official preference for the Saudi coniractor in all but the most specialised road construction. At the beginning of the Plan almost every award went to foreign firms, but the spate of contracts, suggests officials had been waiting for Saudis to grow sufficiently to handle the work it may not be cheaper, but at least the money

Saudi Arabia's only railway, from Riyadh to Dammam, remains a negligible part of the of the Plan, contracts will have Kingdom's infrastructure, been let to make up on paper Nevertheless, Mohieddin Kayyal, the deputy minister of communications for transport, has said that the next Plan will allow studies of a comprehensive network for the Kingdom. The West German Dorsch Consult and Deutsche Bundes-bahn were recently awarded the long-delayed feasibility study on recommissioning the Hejaz Railway from Damascus to Medina; possibly on a new route down the Red Sea coast.

to development, and ing line; and a hotel complex coastal plan to the towns on the Late last year the line took escarpment.

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Plan to extend network throughout the kingdom

TELECOMMUNICATIONS

ANDREW WEBB

praise of Saudi officials, if not reasons, until as late as 1973,

contract was finally signed in a contract worth \$13.4m
Januarry, 1978, the joint ven-awarded to the General Tech-

ture installed switching capa- nical Division of Haji Abdullah city for 188,000 subscribers. Alireza. The equipment is being Saudi Telephone, the company supplied by the Fredericks

formed to operate the network, Electronics Corporation of Mary-

tion between rival Saudi agents, tender of \$1.2bn and Bell high-capacity cable and microtheir princely patrons and the Canada of the Philips group wave links and 14 ground consortia in contention and cumbersone bureacracy only make it more complex.

A consortium of Philips, Bell Canada and L. M. Ericsson is installing 470,000 new telephone lines under a \$3.1bn contract, awarded in December, 1977. In the Third Five-Year Plan, to be announced in May, SR18 bn has been budgeted for telecommuni-

The Ministry of Post, Telephone and Telegraph plans to expand the telephone network by an additional 1,325,000 lines to accommodate the industrial cities of Jubail and Yanbu and blanket the vast interior of the

The award of the contract for the initial telephone expansion project was a controversial affair. Finally budgeted at \$31.1bn, it is the Kingdom's most expensive project by far, outside such extra-budgetary ventures as the military cities, the gas-gathering project and Jubail and Yanbu industrial complexes with their enormous infrastructure problems.

On December 13, 1977, Saudi Arabia announced that the Philips consortium had won the contract after that Mr. Alawi Darwish Kayyal, the Minister of PTT—called "tough competition" from the American firms of International Telephone and Telegraph and Western Electric.

The announcement came a day before Mr. Cyrus Vance, U.S. Secretary of State, was to arrive in Riyadh, possibly to do some last-minute lobbying for the American companies. The contract would, in itself, have gone a long way toward redressing the U.S. trade deficit.

Lowest bid

It appeared that the contract had simply gone to the lowest bidder. The group led by ITT bid \$3.4bn, Western Electric, \$2.9bn and the Philips group,

The contract was broken into three parts, each requiring separate bids. For supplying equipment to Saudi Arabia's cities—part one of the project— TIT wa sthe low bidder with \$1.25 bn. Fo rpart two, covering the countryside, ITT bid \$200m; Western Electric, \$231m; and

It was the bids for part three the provision of operation and maintenance of the system for the next five years or until local labour and management could be recruited and trained,

How thoroughly Bell Canada took acount of the cost of vehicles and buildings is still not clear. The estimate seemed to concentrate mainly on management and labour. In any case, it now expects payments for its section of the project of \$1.1bn, in itself perhaps conservative. whole business seemed, at least, to illustrate the difficulties and

THE COST and scope of tele- that caused such concern at the 11 trunk switching centres and to carry the one-and-a-half communications in Saudi Arabia time. FTT bid close to \$2bn, three international exchanges, tonnes of documents. Arabsat,

wave system under a \$400m contract. Saudi Telephone has wave, coaxial and vertical and horizontal cable stations in Jeddah and Taif.

Western Electric, other firms, is eagerly awaiting

at least ten years) was once toying with the idea of paying for, and therefore owning, the system on its own. It might have proved simpler. The contract for construction of the satellite was scheduled to have been awarded by now. Two bidders are in the running: a French and British

Hughes, however, is black-listed under the Arab League's boycott of Israel and, though under terms of the boycott some telecommunications work is excluded, this is proving a major stumbling block. The work may be offered in a series of phased tenders, the reason for Western Electric's renewed statute of Arabsat requires the award of the contract after competitive bidding. Without Hughes, this would clearly not

Arabsat is also understood to be baulking at the size of British Aerospace's bid, signifi-cantly higher than it had budgeted. The organisation had the less-easily pleased editorial when a service was set up with writers in the Saudi Press.

when a service was set up with 50 manually connected lines in hoped to launch its satellite for tens of millions of dollars but, with the specifications it demanded, this has proved impossible.

French consortium of black-

The monthly rate for installa- system for which is now under construction, and the National Guard, which awarded a five-year \$826m contract to the British firm of Cable and Wire-To reach across the Red Seato Sudan, Saudi Arabia recently opened a \$8.2m microwave staion in Taif to connect the kingdom to Port Sudan The station is powered by solar energy with emergency genera-

The suspension of Egypt, the Gilding the lily of telecommost populous country and hence the one which would munications is the plan for an Arab satellite, a project mired have benefited the most from at the moment in inter-Arab the satellite, has complicated

digging has not always politics and unforeseen the venture still further. Nevertheless, in June last year, 17 switching centres were simultaneously cut over in 13 locations, completing the first phase of the expansion.

The 470,000 new lines will be handled by 90 local exchanges, Riyadh, it had to charter a jet at ministerial level.

are numbing. Bitter competi- Western Electric submitted a All this will be connected by bid \$467m.

> confusions involved in tendering for big Saudi contracts.

though these did not stop the

award last summer of new

for the installation of another

is now managing 250,000 work- land. ing telephone lines, virtually Not

double the total two years ago.

tion of working lines is approaching 10,000. In January,

aone, over 9,000 lines were in-

stalled, and since the con-

sortium began work, over

200,00 buried service wires

It has not been an easy job. Visas for Dong Ah's 6,500 labourers, the South Korean

subcontractor, whose cheap

labour was no mean factor in

the winning of the contract,

were slow in coming; street

maps are almost non-existent,

and municipality approval for

digging has not always Nevertheless, in June last year,

have been put in place.

satellite stations. Western Electric and Rockwel lhave completed the micro-

Saudi Arabia, the largest single contributor to the pro-ject (which has been around for

news of further expansion plans. The project as it now stands will take Saudi Arabia's telephone density up to less than 10 telephones for every The consortium was not long 100 people, well below the a encountering difficulties, world average of 14.5. The new

Jeddah, the network is to be

expanded to 15,000 lines under

less for a microwave network.

tors on standby.

onsortium of British Aerospace, the main contractor, Matra and Thompson-CSF; and the American Hughes Aircraft

per cent share of the \$100m capital, has accepted tenders for

thet satellite and expects to have

an orbiting communications system in place in three years.

There are several daunting problems which may delay the

aunch beyond 1983.

500.000 lines. The speed with in all this, the telex system is which the joint venture has not being ignored. Forbidden been working has won it the in Saudi Arabia for security

Yet another problem is the planned use by the Anglo-Not to bet left out as well are the Interior Ministry, a listed Hughes components. . If the satellite is to go up

in 1983 as planned, using either the U.S. Space Shuttle or the European Ariane rocket, there is no time to call new tenders. The removal of Hughes from the boycott list would satisfy the terms of Arabsat's constitution but this even in the unlikely event of its proving palatable to the Arab League, would at the very least take

at the moment in inter-Arab the section, still further, politics and unforescen the venture still further, expenses. It may dwarf all else. The deadline for the

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SAUDI ARABIA XIX

Rapid expansion by airline

SAUDI ARABIA'S size and its unevenly-distributed and sparse population have made it imperative to develop a national air-line with extensive domestic links. For, transposed on to a map of Europe, Saudi Arabia would roughly stretch from France to the borders of the Soviet Union,

Communication problems are further accentuated by the fact that, given even the most generous estimates of the population, it would total less than one-thirtieth of those of the countries involved in this comparison

Saudia, the national airline, has been successful in responding to the challenge of rapidly expanding its operations. It has become something of a world celebrity, partly through being one of the sponsors of the Grand Prix Saudia-Williams racing team.

Within the Kingdom, the airline provides easy, and extensive, transport. For example, the most expensive, one-way flight between Riyadh, the capital, and Jeddah is currently Rs 210 (\$63), and between Jeddah and Dhahran Sr 300 (\$90). As a result, Saudia loses money, but in the overall interests of providing a socially and politically unifying service for the Kingdom. It is the result of a conscious Govern-

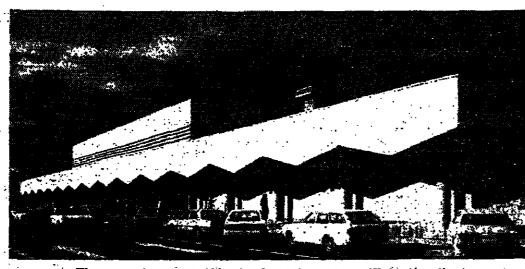
ment decision. In 1975, a 25 per cent cutback in fares was imposed. In practice, the subsidy is now probably higher. Saudia has, in fact, became a popular national institution, with its arrival in some of the more outlying parts of the country literally greeted with applause on the ground.

In practical terms, the now well-established shuttle between the three main centres has become an easy affair, except at peak hours. But first class booking (which ensures a seat) is more often than not sold out

before economy. Saudia, in the kingdom's aviation strategy, has predictaccolades it can boast of being number 11 in the ranking of the top 20 nations in traffic growth, as estimated by the Association (IATA).

At the same time, the Ministry of Defence and Aviaresponsible for Saudia's opera- surveillance, tions, has been overseeing a programme of expansion and

Saudia's growth has been Ahmed Mattar. impressive and far exceeded Development Plan. In 1945, it delegation of authority from applies particularly in providentered the field with three the ministry itself to Saudia's ing back-up for domestic oper-



The new airport at Abha in the Asir region. Flying is often the cheapest form of travel in this vast country

AVIATION

ANTHONY McDERMOTT

to 7,964,347 last year. Planning

Research Office reckons that similar period in 1979. Freight careful planning." (mainly imports) rose over the 1971-79 period rose from 6,279,000 kilos to 62,516,610

are Saudi.

Expansion

In greater detail of Saudia's flight deck crew of 668, 313 are Saudis. Sheikh Kamil Sindi, ably- received most of the the former director-general of the airline maintains that "Saudia has been able to 'nationalise' its operations with highly-qualified Saudis, who now run the major divisions." But this rate of expansion has had to slow down, or at tion, which is ultimately least be brought under closer To cope with complications administrative Sheikh Kamil Sindi has been improvement of airports, so it promoted to the position of now serves some 19 airports assistant with ministerial rank within Saudi Arabia. This to the Minister of Defence and includes the three mai ninter. Aviation to strengthen the the point that a major connational airports of Jeddah, strengthen the supervision of straint on both expansion at the Riyadh, and Dhahran.

Aviation to strengthen the point that a major connational airports of Jeddah, strengthen the supervision of straint on both expansion at the Riyadh, and Dhahran. terms of numbers, has been taken by Captain

Saudia's charter was altered in obtaining sufficient administhe targets of the Second in January to permit greater trative and technical staff. This

Saudi-American friendship.

Today, it operates 63 aircraft.

It became a member of IATA in 1967. The number of passengers "we put our forecast as having destinations in the Arab world in Internal on Internal on

carried has risen more than to meet 30 per cent expansion tenfold—from 680.923 in 1971 rate, but we have been having to cope with something like 60

Research Office reckons that In the past the development this number could rise to 9.04m of Saudia's fleet was based on this year. This could even be market demands, which accordan underestimate given that ing to Captain Mattar have passenger traffic in January been exceeded. But in future, been exceeded. But in future, this year was up by nearly 24 he says, "it will be dictated per cent, compared with the not just by the market, but be

At present, Saudia's active fleet consists of 50 aircraft, fuly owned (including one 747, 13 L-1011 "TriStars." eight 707s, and twenty 737s), and a The number of employees has 707s, and twenty 737s), and a risen fourfold, from 4,107 to further 13 on lease (including 16,000, of whom 18 per cent five 747s, one 707 and three five 747s, one 707 and three DC-8s). Another eleven air-craft are on order: five "Tri-Stars," four of which are to be delivered this year, and one next: and six 747s to be

delivered in 1981. Because Saudia's domestic operations are well-subsidised and constitute between 60 and 70 per cent of all its operations. it has only made a profit between 1973 and 1975. In the years from 1976 to 1978, annual net losses have averaged 161m riyals (\$48.3m). For almost a year it has been under study that Saudia should be divided into two parts-one for international operations and the other for domestic.

But Captain Mattar makes on any real advantage in creating two airlines is the difficulty DC-3s, one of which was board of directors.

ations. As well as flying to abroad with the aim than by presented by U.S. President On Saudia's role, Captain 19 destinations in all parts of 1987 nine-tenths of all the F. D. Roosevelt as a symbol of Mattar says that the airline's the Kingdom from Turaif on maintenance staff being Saudi.

the kingdom. The two most important projects are the new international airports at Riyadh and Jeddah.

The former, which will cost at present SR 14.5bn (\$4.4bn) and is due for completion by 1984, is situated 35 kilometres north of the existing airport which is in the upper part of the city and gradually being engulfed by urban sprawl. The proportions of this airport are such that it supposed to be able to cater for 15m passengers a vear- the rate forecast for the

Closer to partial completion is Jeddah airport; which should ultimately — a first phase should be open next-year — be able to cater for 12m passen-gers a year and for 150,000 tonnes of cargo annually. But the costs of this enormous ject have grown, from initially SR 5bn (\$1.5bn), to something the boycott as a result of Egypt's peace treaty with Israel), 11 each in Europe and approaching SR 15bn (\$4.5bn) today. When the project is Asia, and most recently flights to Mogadishu, Nairobi and finally completed in six years, its costs could be closed to

One key aspect will be the om Dhahran to New York on development of a special ter-50:50 sharing basis, using a minal for Moslems on the pilgrimage to Mecca. The annual ilgrimage throws a particular a specially purchased for a burden on the Kingdom, and last lah-New York service, year a Saudi task force of 100 burden on the Kingdom, and last specialising in the mass movement of travellers spent SR 4.4m (\$1.3m) moving hajjis to the holy sites for there is no aircame from passengers and 12 port at Mecca-per cent from cargo.

Leasing

(including Cairo, in spite of

There is also a direct flight

from Dhahran to New York on

747-SP belonging to PanAm. One of these same aircraft has

Saudia also runs a cargo service

14 times a week to Europe. In

1978 revenue was SR 2.58bn (\$0.77bn), of which 74 per cent

To help cope with this expansion, Saudia has had, since 1968, an agreement with Trans World

Airlines, which Sheikh Kamil

Sindi claims has been reduced

from a "full-management con-

tract to technical assistance

leading operator in the region.

in March, 1979 started operat-

ing a sophisticated flight opera-

tions training centre in Jeddah,

whose costs are estimated at

SR 300m (\$90.1m). With some

pride, Saudia points out that

not just Saudi but also Western

pilots are brought in for

For maintenance - and Saudi

Arabia's harsh climate poses

frame corrosion in Jeddah's hot

line is still largely dependent

and humid climate, sand and

able to carry out all but the

most major overhauls of its fleet. It is a delibreate, if expensive, policy to replace

rather than to overhaul faulty

components. In 1978, a pro-

gramme was set up for the

training of 400 Saudis a year

training.

Dacca started this month.

Jeddah-New

The numbers of pilgrims arriving by air has grown over the years, from 177,000 in 1973-1974 to 480,000 last year. The size of this terminal alone, in Jeddah airport, when anished the largest enclosed space in the Saudia, in keeping with a world, gives an idea of the pro-reputation inherited from being portions of the airport as a whole. In the first year of operations next year, for example, it is estimated that the new international airport will service more than 7.4m passengers (including 1.5m hajjis). It is to Saudia's credit that in pilgrimage season it has by leasing a fleet of aircraft in 1979 one 747 and three DC-8s and without schedules. Income earned from hajji traffic amounted to 115.5m riyals (\$34.7m).

special problems such as air-The main point is that, like other areas of Saudi Arabia's infrastructure, rapid expansion has in the end been achieved in dust storms as well as thundera largely orderly way. Further storms—the airline is still more, the pressure on Saudia is largely dependent on foreign expertise. Nevertheless, it is likely to decrease gradually at home as long distance home and Tail transport is expanded.

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WHILE THE praises of Saudia, the national airline, are sung elsewhere, it is worthwhile looking at other means of moving round the kingdom, or at least part of it.

To drive, particularly along the drowsy, long distance stretches is to risk life needlessly, as the wreck-strewn roadsides bear witness. The most sensible alternative—and very cheap one at that—are the facilities of the Saudi Government Railroad Organisation

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RAILWAYS

ANTHONY McDERMOTT

modest: a single line track of —the tri the east coast port of Damman. Nevertheless, for a new and more relaxed look at part of

Against the massive size of the kingdom — and for the Saudi Arabia, the SGRRO's pressed businessman or visitor operations are, at present, with nothing to do on a Friday -the trip has much to recom-

Tickets are cheap. First class for the full journey is SR30 (just over £4), second class

The difference in the Swissmade, air-conditioned coaches with piped music is between red-upholstered, spacious airline seats and green-upholstered, comfortable double benches. There is a restaurant car serving a tasty cuisine—indeed, international cuisine—of chicken chins rice and of chicken, chips, rice and sandwiches, washed down with Pepsi-Cola and Teem (almost Seven-Up) for about £1 for a full meal.

The carriages are kept scrupulously clean by travelling attendants armed with plastic bags. Authority was provided —at least on the occasion I travelled—by a bulky uniformed man with a label on his chest clearly marked in Arabic and English TRAIN DRIVER, and a tall, thin man identified as TRAIN CONDUCTOR.

The other amonifies included was the tare opportunity of attendants armed with plastic

choice between Western and seeing a whole Saudi family Oriental toilets. And in the final carriage the last rows of seats had been removed and accompanied in buses they replaced by a large carpet for have separate compartments—. prayers—a sort of mosque on In this case it was a father and

The inevitable question asked by foreigners is how you can explain praying towards Mecca, while on the move. The line heads gently south-east from Riyadh through al-Kharj to Haradh where it turns northwards to Dammard. wards to Dammam, passing through Hofuf and the oilpipeline crossroads of Abqaiq the scenic distractions—say. So you might, as it were, be between London and Dumfries.

prayers are said on aircraft, too) decrees that if a compass is not available to give guidance, then just do your best for Allah is everywhere. For the journey itself-at

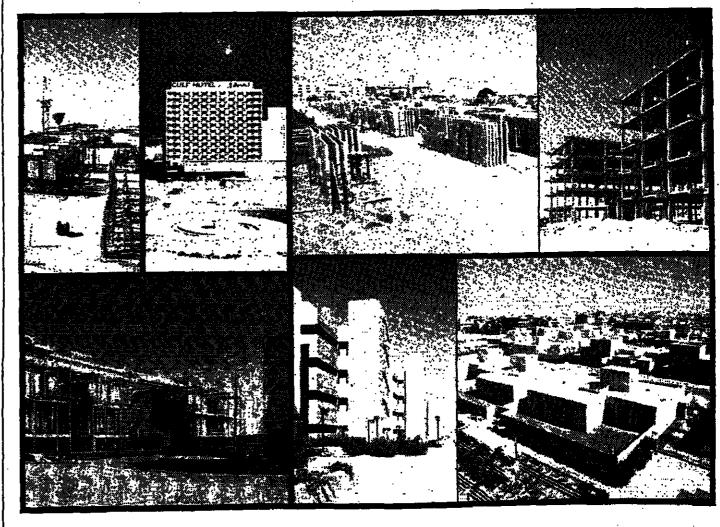
present, it takes seven hours but when plans to build a direct link between Hofuf and Riyadh are carried out is will be down to four—report to the unpre-possessing station at Riyadh or the more businesslike one at Dammam an bour ahead of time. Trains leave Riyadh daily at 08.29 and arrive at 15.36; and vice versa 09.05 and 16.07.

The stations on the way are more halts than stations—a col-lection of buildings and shacks. made from solid sleepers (half the track is being relaid. The main contrasts in the scenery are between the whiter silkier tracts of desert occasional palm oases, and the barsher hillocks and escarpments. Outside Riyadh, used cars and industrial waste—mainly piles of tangled iron rods—stretch for miles, making an even starker contrast with the desert.

Recognition

The other amenities included was the rare opportunity of seeing a whole Saudi family son with several wives and children ranging from the pampered youngest infant, a male, to a daughter, one year away fro mthe veil-already taking over her social role within the family of looking after the

young and old alike. To do a journey of a similar length in Britain but without caught praying on the turn. But in Scotland—would cost you Islam, being the practical anything between £23.50 and religion it is (and remember (first class) £56.50.



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THE FOREIGN visitor to Saudi Arabia rarely has time to venture beyond the major

BY A CORRESPONDENT

RURAL DEVELOPMENT

ments, his vista is too often limited to the view from the taxi window from the airport to the hotel. It is an ultramodern scene of high-rise as a result of a good rainfall buildings and heavy traffic, are able to practise a much with little to distinguish it outwith little to distinguish it outwith little to distinguish blocks. wardly from other such placse than the oases and are much in the world. And yet beyond more densely populated. Until these cities there lies another quite recently such villages Arabia where nearly half the were, even by Arabian stantotal population lives.

This other Arabia— rural often at feud with one another.

Arabia—is still in many To this day their handsome respects not greatly different fortified houses and towers from that anosymptotic handsome respects to the state of th

conurbations of Jeddah, Riyadh

While pre-occupied with a multitude of business appoint-

In contrast to the big cities, rural Saudi Arabia is still essentially an undeveloped country. Until about 10 years ago the oil wealth of the King-

dom had largely passed it by, and its inhabitants led a very

isolated and tradition-bound

Living conditions are, in

general, still fairly simple and

the average per capita income

is relatively low. The great difference between Saudi

difference between Saudi Arabia and most other develop-

ing countries is, of course, the

almost limitless Government funds now available. Economic

and social development that

would elsewhere take a hundred

years, is being telescoped into

still a land of great interest and

beauty but at in esame time it

aims and problems of economic

that lie scattered in small hand-

fuls all over hie country and

irrigated from wells.

existence.

and the East Coast.

travellers of the nineteenth century, but it stands today on the brink of a total transformation.

To contrast to the big cities.

To contrast to the big cities. desert pastures of the peninsula. Although in most areas a minority, the bedouin have always been one of the leading influences on Arabian history and maintain a close relationship with the towns within their

Garish

nomadic circuit.

from that encountered by the brood defensively over the ter-

The heart of a typical modern country town is dominated by a broad and noisy street full of Datsun and Toyota pick-ups and along which lie a garish range of shops and showrooms that evidence the new prosperity.

Almost - without exception. one generation in Saudi Arabia. the new towns are depressingly For the passing visitor, it is ugly. Behind this modern facade, however, there often lies the older, original town of is also afascinating study of the considerable atmosphere and charm; an organic town whose towers, arches and labrynthine The traditional rural life of alleyways reflect the growth and Saudi Arabia falls, broadly history of many generations, speaking, into one of three Alas, even here the authorities main types. There are, firstly, have begun to ruthlessly cut the oasis towns and villages through new roads with bulldozers leaving many old houses with open half-gutted whose principal livelihood is the chambers gaping out over the cultivation of date-palm gardens shining macadam.

Within the borders of Saudi In the shade of these walled Arabia, particularly in Nejd and gardens many vegetables are Asir, there are several tradigrown and fruit-trees such as tions of a fine but unpretentious peaches, pomegranates and domestic architecture, usually limes—indeed, with the sound in mud-brick. Some of these of rushing water in the back-traditions go back in history ground, they have often been for several thousand years; likened to a miniature paradise. they are to be found on the In the south-west province walls of Assyrian palaces and of Asir, one encounters a Nabatean temples.

totally different kind of land-

mud-brick today. New materials, principally concrete and cement blocks, have taken the place of the old and within a decade or so this traditional architecture will almost entirely have disappeared.

The principal activities of the rural towns these days are government administration and local trade. Modern industry, so prominent a feature of the outskirts of Riyadh, Jeddah and Dammam, play little part here and, apart from cement works and similar building materials projects, there are few factories established in rural areas.

The lack of labour and the great distances from the principal markets make it unlikely that any significant industrial growth will take place in the foreseeable future.

Perhaps more important than the infrastructural changes in the towns and villages is the agricultural revolution now in progress. Previously water wells were dug to relatively shallow depths and the oasis villages used to follow the lines of the great wadi beds and basins - that overlie the

the Saudi farmer is able to tap much deeper levels and can thus irrigate areas that have hitherto been uncultivated. In districts such as Qasim, the this is due to a fall in the level green landscape, that used to of the water table but more be confined to the edges of the often because the owner canoasis, has now spread out into the desert in broad new prairie

Saudi food production especially in such items as milk. poultry, eggs and many kinds of basic vegetables. Most of the large agro-industrial projects are based on foreign labour and equipment and financed by capital from the big cities but small farmers also have begun to adopt new technology and more productive

However, despite generous grants and subsidies, farming in general is still held back by the unattractive level of whole-But hardly anyone builds in sale purchase prices and a aspects of modern Arabia is how certain how long they will last. of purpose, rural Araba wil die.



Nejdi Bedouin brew up one of the day's many cups of tea

desperate shortage of indige- quickly the Bedouin have If this water was valued at its low standin gof manual work in Saudi society has been exacerbated by the ready availability of easier and better paying jobs in other sectors.

Today, with modern drilling equipment and diesel pumps, the Saudi farmer is able to saddest sights of modern Arabia is the acres upon acres o fdying palm trees standing bare and stunted. Sometimes not afford to maintain and harvest his gardens.

Dates, once a staple item of These new farms have the Saudi diet, have been already had a major impact on reduced to the role of a sweetmeat and prices no longer justify the time and money they require.

For many oases, the existence of water at deeper levels, and. therefore alternative farming has provided a further lease of life. For other villages however there is no such outlet and they face slow extinction. Similar circumstances prevail in some of the mountain villages of Asir where in many districts the narrow terraced fields have become uneconomic to work.

of vehicles they are more mobile than ever before and much less subject to the hazards of drought. Moreover, they another 10 year obtain excellent prices for their not be ignored. fresh meat.

Yet, at the same time, the pedouin families are gradually being sucked more and more into the orbits of the towns in order to benefit from education. health and other new govern-ment services and, overall, their numbers are steadily declining.

Expansion

What is the future of these rural areas of Saudi Arabia? In the short term they will con-tinue to enjoy the benefit of generous government aid. The basic infrastructure will keep on growing and farming will continue to prosper. However, a number of question marks hang over the longer term.

In the first place, it must be asked whether there is really clear. enough water to allow for continuous agriculturual expansion. The new deeper aquifers are of pre-historic origin and therefore purpose restored to the country-irreplaceabl. It is not known for side—for without a new sense One of the most surprising irreplaceabl. It is not known for

nous labour. The traditional adopted to the changed condi-full economic replacement cost it is possible that much of the Today, with their varied fleets more recent agricultural production would become prohibitvely expensive. These aspects are unlikely to be significant for another 10 years or so but can-

> An equally serious question mark hangs over the future level of employment in rural areas Given the relatively small contribution of agriculture to the Gross National Product, the rural population is already greatly in excess of its economic mportance and will continue to decline unless attractive new jobs opportunities are created.

Nowadays young men must go to the big cities if they wish to pursue a good career—and they rarely return; the villages are increasingly becoming an old man's world. It is obviously in the overall national interest that balanced population distribution be maintained in this yast country but how this goal is to be achieved is still far from

Some kind of economic decentralisation must be attempted in due course, and a sense of

tale whose outcome the shifting

allegiances of the towns of

Qaseem and the kaleidoscopic

loyalties of the great Bedu

tribes made uncertain until the

final capture of Hail by King

when the present frontier with

Yemen was established the

Saud control of the country was

gradually strengthened; and

with it the spread of Nejdi manners and Wahhabi beliefs.

From that time until 1934,

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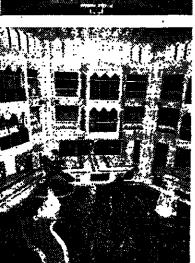
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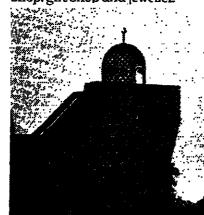
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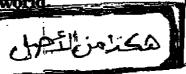
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Towns and villages growing rapidly

THE BOUNDARIES of Nejd 2re not clearcut. At its most restricted definition, the term means the districs of Aaared Washem. Sudayr and Yemamah which closely surround Riyadh.

At its broadest (which is how we shall understand it). it embraces also Qaseem and Hayel to the North, Aflaj and Wadi Dawasir to the South, and Dawadimi and Khorais to the West and East, respectively.

The Arabic word means a highland or upland area. But, while are area has a mean elevation of some 800 metres, it is only a step in the continuous downward slope of the peninsular which tilts imperceptibly from the Sarawat nountains of western Arabia down to the flats of the Arabian Gulf on the East.

It is essentially a great parren plateau of pale limestone with intrusions of bare black granite hills. Fingers of red sand run through it from the Nefud sand deserts to the north and the Rub al Khali to

the South. The spectacular limestone scarpment of Jebel Toweik running from North to South across its length, is its pinal cord. The limestone plateau is everywhere eroded into wadis, which flow for perhaps ten days a year, but more importantly retain sufficient underground water to sustain life and a modest agriculture thtroughout

Palm gardens

For this has always been a predominantly settled land, con-trary to popular belief. Walled towns and villages of baked mud were built in the valleys, surrounded by palm gardens undergrown with citrus, pomegranate and fodder vetch.

The smaller namadic population, keeping their herds on the bare pasturelands, supplied the towns with meat, butter and news in trade for dazes, coffee. tobacco and manufactures.

In the half century since the kingdom of Saudi Arabia was founded, much of this traditional physical pattern has changed. The balance between nomad and townsman has, of course, tilted dramatically and irreversibly in favour of the

The remaining nomads are rapidly urbanising, and are well supplied with motor transport enduring interest in so barren and water trucks; the towns are a land and contented himself no longer dependent on them for anything, though Nejdi crowth in

NEJD

FRASER JOHNSON

lamb and mutton is still preferred over imports from Somalia and New Zealand.

Land under cultivation has greatly expanded, with deepwell drilling to tap fossil water aquifiers making irrigation easier and a generous and wideranging subsidy programme, financially farming attractive.

Perhaps the most obvious change is in the physical appearance of the towns and villages. The distinctive and very charming domestic architecture of Nejd, with patterned mud walls and pointed crenellations, has largely given way to concrete, badly built and of no architectural merit.

This change is above all evident in Riyadh, which has grown hugely, while other towns such as Hail, Bureldah and Oneizah, its equals 50 years ago, have grown relatively little. Less obvious, but more profound, is the opening of central Arabia to the outside world, which has fundamentally altered Nejdi attitudes. The previous exclusiveness, traditionalism and suspicion of foreigners and things foreign contrasts sharply with the recent eager assimilation of technologicial and material advances and the universal desire of Nejdi youth to

study abroad. The physical manifestation of this opening-up of the Arabian heartland is in the busy new airports of the region and the constantly expanding road network, which now joins every village of any substance. It seems impossible that less than a century ago Palgrave and Doughty should be the first Europeans to explore this land, and that their lives should have been in constant peril. Or. that as late as the 1940s, every plane wishing to land at Rivado should have required fon Saud's express personal consent.

For this was a land traditional isolation. None coveted it. The occasional Turkish incursion left little it. The occasional mark, since the Turk had no with intervening only

threatened to harm his interests elsewhere, in Hejaz or the lands to the north.

The ruins of Diriyya, the old capital of the Al Saud some miles north of Riyadh, are a witness to one such expedition by Ibraheem Pasha in 1818.

The dominant theme of the political history of Nejd is an internal one of the continuous rivalry between the Rasheed of Al Saud of Diriyya/Riyadh. a convoluted

The distinctive manners of

Nejd are inseperable from the teachings of Wahhabism, which enjoin a strict and puritanical observance of Quranic pre-cepts. The fortunes of Wahha-bism and the house of Al Saud have grown and prospered together, the one supporting the

Abdul Aziz in 1921.

CONTINUED ON NEXT PAGE



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SAUDI ARABIA XXI



A street market in the centre of Jeddah. In the background are some of the old Turkish houses, one of the city's few remaining linsk with the past

Cosmopolitan region owing much to Mecca

THE HOUSE of Al-Mutlag once provided hereditary standardearers in the Nejdi armies of Abdul Aziz Bin Saud, the founder of the Kingdom of Saudi Arabia. Their descendants now own a flourishing furniture business in the Hejaz, the western region that includes the towns of Mecca and Jeddah.

Yet the population of the Hejaz has never been homogeneous. Since the time of the Prophet, the annual Pilgrimage, slavery and the eastern trade brought a melange of Hadhramis, East and West Africans, Persians, Kurds, Javanese, Indians and northern Arabs to the towns. Recent migrants from Nejd, the central region, including such great names as Juffali and Olayan, have become as Hejazi as the Jamjoom family from Egypt or the Alirezas of

Hejaz in 1924-1925. Yet even million souls are Saudi.

sharp reefs of the Red Sea and a chain of mountains which stretches from Mecca to Aden. It is famed above all for its heat and humidity, which is tempered on the coast by a breeze from the north-west that blows most days of the year.

The old definition of Hejaz, which stretched under the Turks and the Sharifs of Mecca from Aqaba as far south as the tribes of Baha would allow, has been abolished by the Al-Saud; the governorates of Tabuk, Mecca and Medina cover the old region.

Cultivation is slight except in

the gardens around the hill town of Taif or the wadis that drain the Hejaz hills. The wadi plantations, worked by black slaves in the time of T. E. Lawrence, have declined with the drift of men to the towns and the expensive drilling of wells for town water. Instead, what prosperity Hijaz has enjoyed has risen and fallen with the pilgrimage and Jaddan's fortunes as a port of transit and import, first for Mecca and the pilgrens, now for

HEJAZ

JOHN CLOSE

closely allied and shared one another's dira, or rangeland; the Juliainah, a tribe that was acquiescent in Turkish rule; the fierce and unreliable Harb, who came to live mostly off pilgrim pickings and the Sharif's subsidy; their blood enemies, the Nejdi Otaibah, whose dira often spilled into Hejaz; and the Ghamid and Zahran of the Baha mountains.

Hejaz fell under the Turkish Ottoman hand in the early years of the 16th century and remained so, but for Wahhabite The cosmopolitan Hejaz re-remained so, but for Wahhabite mains distinct from the more and Egyptian interruptions in austere Neid, though the capi- the 19th century, until the day. tal's dress and outward custom collapse of the Porte in 1918. have been imposed by the Hejaz was fairly independent. imeal nd political descendants even by the relaxed standards Taif and occupied Mecca peaceof Abdul Aziz, who took the of Turkish rule: the Turkish fully. Jedda hwas left with Hejaz in 1924-1925. Yet even governor, whose provincial seat only its coral walls, a ragglenew, only a quarter of Jeddah's was at Mecca, shared power taggle army of mercenaries million souls are Saudi.

with the Sharifs of Mecca, and destitutes (called by Hus-The Hejaz is a broad strip of descended from the Prophet, sein "drinkers of the milk poor land cramped between the the two existing side by side war") and a few White Russian much as a British resident and

Conflict

his maharaja.

escaped both the Ottoman head tax and a general muster in 1914.

As Turkish power waned so Bishah in the south, and north an incriminating letter was to the edge of the Unaizah found in the lines. tend the Bejaz Railway to Mecca to consolidate its control.

British intelligence exploited British intelligence exploited the Sharif's 'ambitions and poured nearly £11m in gold into the Sharif's treasury. Much of it went to keep the Harb sweet, but on June 5, 1916, Hussein's sons, Ali and Faisal and Abdullah announced their revolt. Jeddah surrendered 11 days later, followed quickly by days later, followed quickly by Mecca, Yanub, and Taif. he while kingdom.

Tribal life has declined. There emain, in the extreme north, the Hejaz in December. He remain, in the extreme north, the Hejaz in December. He ment of Virtue and the Disthe Huwaitat and Bani Atiyah, assumed the grandiose title of couragement of Vice, rampant

two large clans which were king of the Arab Nation the next October. Yet though

Arabia helped take the Arab Revolt to Damascus, and Faisal and Abdullah ended up with thrones in the north, Hussein could not resist the growing Wahhabite power in central Arabia. Angered by Hussein's pretensions, and eager for land, Bin Saud unleashed his Otaibah against a Hejazi expedition in Wadi Turaba on the marches of Nejd in 1920. The battlefield is strewn with the bleached bones of Hejazi dead to this

In late 1924, the Otaibah butchered the inhabitants of

Abdul Aziz ion Saud waited, while starvation, disease and Tribal allegiance was ever exhaustion made the city bereft divided between the two. while of 25,)000 people. In a year the towns of Mecca and Medina of misery with Jeddah under siege, ibn Saud found in the Alireza family a fifth column to rival the Algosaibis in Hofuf. Abdullah Alireza kept his post did the power of their nominee, as civil governor throughout the Shariff Hussein, wax until his siege but his nephew Qasim writ extended to the Wadi Zainal Alireza was jailed when

country. Hussein successfully In December 1925, Abdullah blocked Ottoman attempts to ex-handed the city over to Abdul Aziz and Ali went into exile. As a gesture of thanks for their support, the Saudi kings permit the Alirezas to appear at the Royal Diwan with their ghutras, or head-dresses, folded informally over the head.

the beginning, From sophistication and Wahhabite power was tempered sensibilities of Hejaz. A council of Hejaz notables was formed to advise Faisal, the King's

The Society for the Encourage

since the 19th century in Nejd, wept into the freewheeling Hejaz. Sacrilegious tombs were laid low and music, among other heresies, weeded out; but the ban on smoking was lifted for the sake of the Jeddah tobacco merchants. The growing non-Muslim community was allowed to buy alcohol until

The struggle against Hejazi hedonism has not succeeded. Gone are the days when the Jeddah amusement park doused its lights when Faisal was in the Glutted with foreigners, the Western Region has long been a buffer; the diplomatic corps will remain in Jeddah for the immediate future, rather

With the depression of the 1930s, the pilgrimage failed and Abdul Aziz was obliged to look elsewhere for funds. In 1933, his Finance Minister and fac-Abdullah Sulaiman signed an oil concession with Standard Oil of California in Jeddah, for £50,000 in gold down. reputed to be the richest family in Jeddah, but the whole region has prospered immeasurably since the first oil began to flow in Hasa in 1938.

war") and a few White Russian Jeddah port, which boasted aviators to keep the Wahhabites a throughput of just 600,000 out. cargo of more than 8m tons. Yanbu, whose population of between 4,000 and 5,000 in the early years was beggared by the increasing diversion of the pil-grims to Jeddah, is to have an industrial city of 100,000 people by the end of the decade. Crude oil and NGL pipelines now being laid over the Hejaz range will feed a domestic and export refinery, a petro-chemical complex, an export terminal and a gas fractionation point.

> The little roadstead Rabegh, springboard of the Arab Revolt, is also to have a 250,000 barrels per day refinery, supplied from Yanbu In the far north, Dhuba and the fine Turkish port of Wejh have done well from the huge project to construct a military city at Tabuk. That town is an important base for armour and the Royal Saudi Air Force.

Mecca and Medina have also expanded rapidly, with a catastrophic impact on the traditional architecture and feeling of the holy towns.

To serve Hejaz and the Pilgrimage, the Government is building a new airport between Jeddah and the Obhor Creek. It will be larger than Manhattan Island, and every Saudi man, woman and child could pass through it in its first year without straining the airport's capacity. Its cost has entered the realm of fantasy, but this certainly will not be less than \$10hn at today's prices. Its Hajj Terminal, the largest building in the world, has been designed to welcome more than a million pilgrims.

One interesting aside demon-As in every region of the strates the industry and thrift country, there are grumbles inculcated by the Nejdi charac- The decline in influence of the For it is realised that reli- ter. In the days before oil, Jeddah merchants, in relation gious observance is a frail many families from central to those of Neid, has been a thing, and that the huge influx Arabia emigrated to the Gulf blow; while even the relatively

In the old days, rich and Olayans and Reshaids—are now poor knew their place and what among the leading business whose family life was not the province of outsiders could count on the tact of friends, while those who were more changes the increasing glitter open were as easily undersocio-religious aspects of Islam, of Riyadh and the growing stood. No-one today is quite Thus, the wearing of gold or sophistication of the people—sure any more how an acquain-silk, or the smoking of tobacco. Neid remains fundamentally tance or even a close friend will be less frowned on in different from the rest of will react to the most well-



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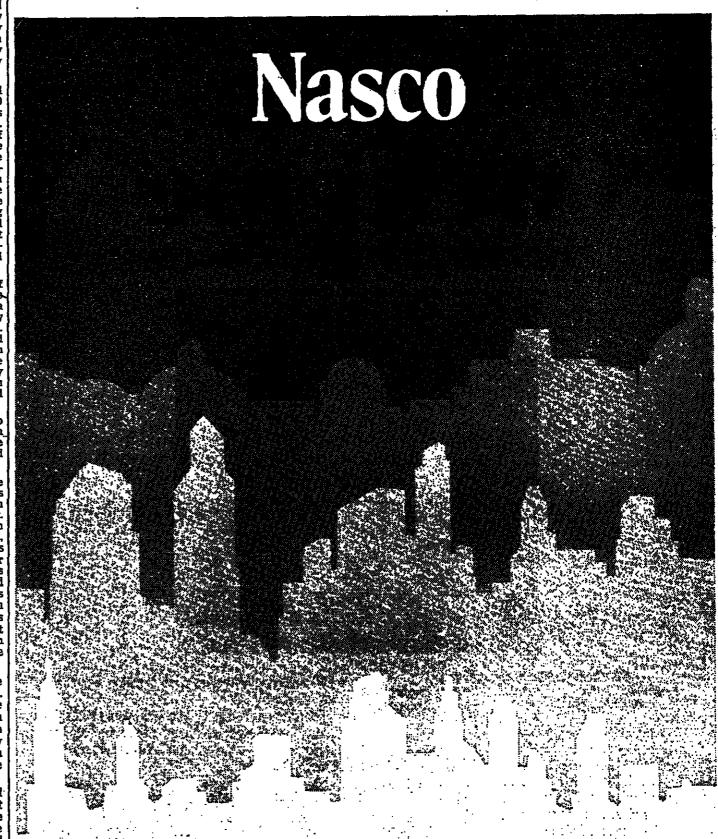
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niek, Tripali), Saudi Arabia (Jeddah, Riyadh, ini), UAE (Rat Al Kimima), Greeca (Afbens),

Towns of Nejd continued from previous page

15 miles up the Wadi Hanifa from Riyadh) found powerful during the times of prayer, that patronage in Diriyya, so later women dress inoffensively and known for King Abdul Aziz found the that public conduct generally is as its negligible to the conduct generally is as its negligible to the conduct generally is as its negligible. sectarians a powerful aid in his Wahhabi code.

ARABIA'S

EMICAL PLA

The ruins of Ghat-Ghat and other villages in Nejd. established as a reward for the services of the Ikhwan (the fighting arm of Wahhabism who to terrified Hejaz and Asir), remain as testimony to this inter-dependence.

Whether this creed flourished in Nejd because it struck an existing sympathetic chord in the Nejdi character, used as it was to a harsh environment and meagre living, is here beside

The fact remains that in Nejd today drivers of the universal Datsun pick-ups pull off the road at prayer times to face Mecca, and office staff from directors to clerks keep prayer rugs conspicaously by their

The faith is as real and vital as Christianity was in Victorian England; but distractions from

powers, ensure that shops shut differences.

Huge influx

less strict, parts of the country could lead to a loosening of the Nejdi code of conduct.

Outside Nejd, Saudis take hard to this strict code, and will smilingly remind a visitor that he is not in Nejd, as sufficient explanation for their looser observance of many

Hejaz than in Riyadh. devoutness, politeness, hospi-tality and sabr (the pre-eminent virtue of patient forti-the Nejdi, until he ceases to ing. The young know no its observance are not tolerated. tude), and its shortcomings of he proud of his origins.

As Muhammed bin Abdul Officers of the Society for the Wahhab, the 18th-century Protection of Virtue and Preparation of Vice, who have police tongue, there are regional

Oneizah, for example, known for its open hospitality. as its neighbour, Bureidah, for

not only of foreigners but of coast to find work, first as pearl fluid social life has seen Saudis from other, traditionally fishers and latterly as mer-changes over the past five chants and businessmen. These years, same families-the Zamils, of

superficial Despite Arabia and has an enduring meaning of Within the overall Nejdi quality. Nothing can change forays or acts. character, with its virtues of the hot, hard climate and the

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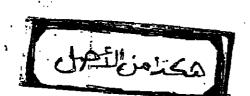
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The Saudi Royal Family entertains the leaders of the United Arab Emirates and Quias at camel races near Riyadh. Front row, from left to right: Crown Prince Fahd; Sheikh Khalifa, Ruler of Qatar, Sheikh Zayid, President of the UAE and Ruler of Abu Dhabi, King Khaled; Sheikh Rashid, Vice-President of the UAE and Ruler of Dubai. Prince Abdullah, head of the National Guard, sits behind the table plent to King Khaled

Govenor's independence an important issue

AT THE beginning of 1920, in the mild months of January and February when travel in Arabia was rather pleasant, the British political agent in Bahrain paid a visit to the governor of Ion Saud's eastern domains in his capital at Hofuf.

The agent, Harold Dickson, who later became famous as adviser to the ruler of Kuwait, wrote a report on his visit to his superior, the Resident at Bushire, describing Bin Jiluwi, the governor, and also the conversations the two had held and his journeys between the great Hasa oasis, which has Hofuf as its centre, and the coast.

'His report contained a revealng anecdote, which ran as

"Incidentally one of the escort, Marzuk by name, was the chief executioner in Hasa, He told me Bin Jiluwi had fixed Thursdays for executions. These were done in public in the market place and the body left until night-fall. He himself had decapitated 22 men and had cut off the hands of scores

"The latter process, he grimly said, did not hurt, but what did make men cry out was boiling fat. Marzuk believed the fact that executions had become rare these days was owing to the fear with which Bin Jiluwi

"One interesting story he told me as being typical of Bin Jilumi's methods. A man came and reported to Bin Jiluwi that he had seen a bag of coffee lying on the high road between Riyadh and Hasa, but within the latters borders. Bin Jiluwi thereupon asked him how he knew it was coffee. The wretched man said: 'I kicked the back and so knew it to be coffee." 'Well then,' said Bin Jiluwi, 'don't be curious in future and kick any more bags on the Imam's (Ibn Saud's) highway. Off with his right big toe." Marzuk did the needful."

Boredom

Dickson's report speaks volumes on the poverty and boredom of life in Arabia before oil, when something as trivial as the discovery of a bag of coffee could cause a man to go specially to the governor's majlis to talk about it. The report is also significant as a description of the way that part of Arabia was ruled by a man whose descendents have since remained governors of the Eastern Province.

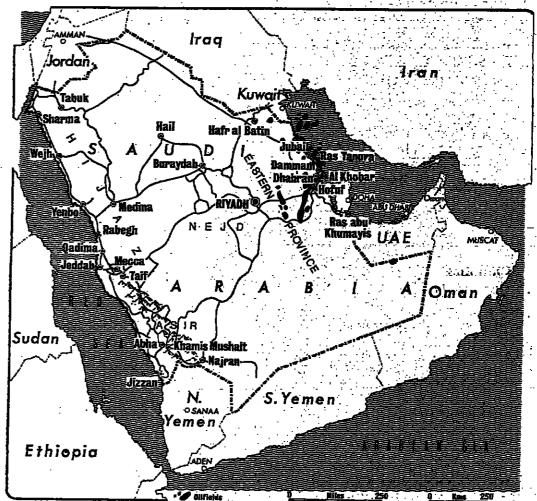
Following the riots in Qatif, late last year, and in February this year, in which the Shia muslims who account for virtually all of the town's population expressed their resentment at being second class citizens under the rule of the Sauds and Bin Jiluwis, there is now some question as to whether Abdel-Mohsin bin Saud, the grandson of the original Abdullah bin Jiluwi, will remain as governor or be allowed to exercise the same independence in government that he has enjoyed

The Qatif riots were important not only because they took place in the Kingdom's oil bearing region, but because they were the first open and repeated violent expression of dissent by ordinary people since Saudi Arabia began to turn itself into a modern State after the Second World War.

The origins of the riots go right back to 1913, when Abdel-Aziz Ibn Saud, the Sultan of Nejd, conquered the eastern region in one of the first of a series of campaigns that led to the creation of the Kingdom of Saudi Arabia.

At the time of the conquest, the modern towns of Dhahran and Alkhobar, not to mention Abqaiq and Ras Tanura and the other oil settlements, were

Damman, now the capital of ants



EASTERN PROVINCE

MICHAEL FIELD

Abdel-Mohsin's since his father moved from-Hofuf in the early 1950s, was no more than a string of houses two deep along the short of the

The main ports in 1913 were Jubail, Darin—the harbour for Qatif—and Uqair—the harbour for Hasa—all of them doing much of their trade with the deep water port of Bahrain, which was where the oceangoing steamers called.

The population centres were the Qatif oasis, which by the 1930s was reckoned to have a population of some 80,000, and Hofuf and Mubarraz in the Hasa oasis, which was many times bigger than Qatif and less wretchedly poor.

Qatif's population was entirely Shia, while Hasa had a Shia majority which the Sauds and Abdullah bin Jiluwi, who was a close relation and brother in arms of the Sultan, proceeded to dilute as much as possible by settling Sunnis from the Nejd in the oasis.

Nowadays, the conquest is represented as a "liberation" from Turkish rule, but what little evidence there is of the population's reaction in 1913 is ambivalent and difficult to

There was certainly a Nejdi party in Hasa, led by the Algosaibi family, which became the Sultan's agents in Bahrain after the conquest, and there is no doubt that Saud/Jiluwi rule brought law and order and freedom from bedouin raids after the confusion that marked the later decadent years of the Ottoman regime.

There is every reason to believe that, even if Bin Jiluwi's methods were brutal, he won much credit for this achievement. On the other hand, the Shias were seen not so much as ordinary citizens of the new government, but as a conquered subject race to be exploited comercially and to be controlled more closely than the province's Sunni Inhabit-

within days of th econquest of Hasa in May, 1913, the shalkh of Seinat, a Shia comunity near Qatif which surrendered a few weeks later, wrote to the British political agent in Bahrain asking if his people might be taken under British

protection. In the files of the Bahrain Agency, which are now housed in the India Office Library in London, there are records of Shias from Hasa and Qatif in the 1920s and 1930s appealing to the British to intercede on their behalf with Bin Jiluwi. Normally, they would base their claim on the fact that they were descended from-or still part of the Bahrain Shia community.

Mainland trips

More frequent, because of more immediate concern to the British, are references to the Sauds, Bin Jiluwi and the Algosaibi faily trying to extend the authority of the mainland government over anyone of Nejdi or Eastern Province origin living in Bahrain and at the same time discriminating against Shia merchants of Bahrain in such matters as the granting of permission for trips to the mainland.

occurred in Bahrain in which both the accuser and the accused were of Hassawi origin. The accuser went to Bin Jiluwi, who wrote to the Bin Jiluwi, who wrote to the states was superseding the Ruler of Bahrain, Sheikh purely tribal world of the first Hamed bin Isa, telling him to 30 years of this century—though beneath the surface, in Hamed

Had the political agent not heard about the matter and intervened to keep the man in Bahrain, it is quite probable that the accused would have been despatched to the main-land. In all the lower Gulf states the rulers were much in awe of Bin Jiluwi and even turned a blind eye to some of

in a despatch by the political agent: "On my return here I find that when a prominent merchant, Mohammad Yateem, recently ran over a Nejdi in his car, he was at once summoned by the Algosaibis who severely reprimanded him for having injured a subject of H.M. King Ibn Saud. He was later prosecuted by the police, but their action caused much

Ameng other things, this incident illustrates how much more developed and open to the outside world was Bahrain compared with Saudi Arabia This was mainly because of the island's greater prosperity, its trading history and the British presence, which included not just the PA but also Sir Charles Belgrave, who was adviser to the ruler and who ran the island in a benevolent, non-nonsense way, as if it were an English country town and he a mayor with supreme

Cars, in 1980, were virtually unknown in Saudi Arabia, and the punishment given to Mohammad Yateem by the Bahrain court was even more out of another world. He had his driving licence suspended for 12 months.

In the later 1930s and 1940s, the Saudi authorities became less aggressive in their dealings with Gulf states. Throughout these years, the British interest in the Gulf was increasing as a result of the oil companies' interest in oil concessions. This, together with the payment of concession rentals and On one occasion a theft in Bahrain's case the first oil revenues, made the Gulf states emerge as stronger more

independent entities. A world of modern nation and not easily visible to Western eyes, a great deal of tribalism remains in relations between the Gulf states and Saudi Arabia to this day.

The advent of oil was also significant for the Shizs in their relations with the Saudi antibirties. As a former chair-man of Aramco put it recently: "We were a Godsend to the replaced subject fact to the subject some of the subject of the su Age, including be estigation for

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LHOTY-STA a Materials Consult

SAUDI ARABIA XXIII

A province of hills and watchtowers

THAT SAUDI ARABIA is not a country just of sand and dour flatland is well-known, but even Saudis from the north tend to speak of Asir in the south-west with a certain awe.

While mapping the border between Yemen and Asir for King Abdul Aziz in the 1730s. Harry St. John Philby wrote to his wife from the Monday Marker of Wadi Beish. The garden of Eden must be very he this valley and the human beings one meets from time to time might have stepped straight out of Genesis. Naked except for a loincloth, and sometimes a rifle and with very fuzzy greased hair.

All prefer walking to riding, and drink from the brook whenever they are thirsty. When tending goats on the hillside they sit so still just like monkeys that one doesn't notice them unless they move

For many living in Saudi Arabia, Asir is indeed a kind of paradise: when Jeddah boasted only a single tree, the hillsides of the Balahmar country were covered in forest. Many forget that even after the Saudi campaigns of the 1920s and 1930s, Asir remained one of the more dangerous and less accessible places. Tall watch towers, of stone on the escarpment and mud on the inland hills, attest to the tribal violence that dis-turbed the hundreds of tiny hamlets where Asir's farmers still mainly dwell.

Broken terraces and ruined buildings show also that the former farm prosperity has declined. Five years of near drought and a shower of government spending elsewhere has caused many young men to go to the army, and to Riyadh, Jeddah and the Eastern Province, where men from the Oahtan tribes of the south have been settled for over 20 years. In the dry wadi mouths of the east there are overweight young bedouin returned from service in the Kuwait Police Force. In 1916, the spies of the British Arab Bureau estimated the population of Abha, the provincial capital, at 20,000. It is only just double that now.

Road link

Completion of a road to link Abha with Jeddah last year means that Asir is being absorbed more rapidly into the fabric of the country. Against difficulties even Korean contractors recognised, Hyundai has provided electricity for 16,000 scattered farmers, while a pre-casting plant and the ubiquitous concrete block plants serve a delayed boom in build-

The province's political integration is a priority because of the generally disturbed conditions of North Yemen. When King Khaled visited the military base at Khamis Mushait at a time of border tensions last June, 40,000 Qahtan and southeastern tribesmen paraded with their arms.

These tribes, like their Zeidi counterparts across the border, are regarded as buffers to the expansion of the interests of



A farming settlement in the Asir region of the south-west. The Asiri farmers cultivate palms, winter wheat, durra maize, sorghum and Egyptian clover for fodder, vines, apricot and fig trees

down from Jebel Souda to the

Tihama will need 13 tunnels

and 32 bridges before Abha is

joined to the port of Jizan. Historically, the escarpment

must have been all but impas-

sable and the incense trade com-

pletely bypassed Asir, carried in difficult stages along the edge

Bisha and Mecca.

the Sands through Najran,

ASIR

JAMES BUCHAN

the Moscow-backed government in Aden and of the opposition National Democratic Front in North Yemen. At the same time, the base at Khamis Mushait is the site of an early warning system and a squadron of F-5 aircraft, and will shortly take delivery of mobile Crotale surface-to-air missiles.

While the popular and accessible Governor, Prince Khaled Al-Faisal, welcomes new light industry, his economic priorities are to bolster farming and the special attractions of the province, and to encourage tourism. A vast tract of escarpment to the west and south of the capital has been set aside for a national park on the American model while there is considerable sympathy for the introduction of measures to protect the wildlife, which is remarkably

In popular entomology, Asir means difficult or hard to pass. The province forms part of a region of very ancient Precambrian granites and volcanic structures known as the Arabian escarpment. To the west of Abha, the scarp rears up to the high peaks of Jebel Souda and Nimas then falls a breathtaking 7,000 feet in a few miles to the hot and windy Tihama plain and the province of Jizan, the former domain of the Idrissi

To the east, the plateau fails gradually towards Nejd, drained by the long wadis of Bisha and Tathlith. These provide cultiva-tion for palms and fruit but are separated by wild steppe offering only lean pastures and successful of the Asir tribes.

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rulers of the Senussi persuasion.

The fragmented tribes that warred and feuded until the Saudi peace came also created obstacles. The Roman expedi-tion of 23 BC appears to have suffered appalling losses on its return from the incense towns: a rock carving in the wilderness of Masane shows a figure in a plumed helmet being disembowellel. An Egyptian army camped in Wadi Bisha for two weeks in 1834 but made no progress south.

The Turks made an effort to bring the area under control in the 1870s, wresting Abha from the Bani Murghaim, but their authority was strictly limited to that region and the small harbour of Qunfudha. The Imam of Yemen also tried to take an interest. More success ful were the Idrisi descendants of Sidi Ahmad of Fez, who settled near Jizan in the early 19th century. Eventually, they controlled not only the mud and grass villages of Jizan but also lorded it over the Qahtan.

These petty interests could not resist the emergent Saudi power and the Idrissi notables and certain tribal leaders, including the Ismaili masters in Najran, were exiled to Mecca. Yemen was forced to accept a border dictated by the Saudis. although even last year Sanaa a nomadic life for the least did not discourage raiding by triblesmen in the Wadi Najran The Taiwanese-built road and to the east.

On religion, for all the hotchootch of confession in Asir, the Wahhabite interpretion of Islam has taken hold, though in devotion to detail the inhabitants of Wadi Beish would scarcely pass muster in

In the central area, particularly the country of the Bani Shahr around Nimas and the Balahmar north of Abha, pasture is so good that a nomadic life was never necessary. The Agriculture Ministry has found that grazing of 8m sheep and 200,000 camels between Taif and the Yemen border and Asir must provide most of the sacrifice animals during the Pilgrimage. At the Feast of Sacrifice the road north is jammed with Toyotas full of meat camels and sheep.

On terraces and in the wadi bottoms, the Asiri farmers cultivate palms, winter wheat, durra maize, sorghum, and Egyptian clover for fodder, vines, apricot and fig trees; the Turks intro-duced tomatoes and rather disagreeable olives. These are sold in the important market towns of Khamis Mushait and Abha or at the weekly markets of the south, but poor roads prevent any but the most limited export to Jeddah and the price of most produce cannot be maintained

At the same time, the Qahtan and Bani Yam in the south are dised imported food into Yemen in return for arms and liquor for the hinterland.

Inevitably in Saudi Arabia, the problem is water, not only farming, but for industry and the copper and zinc mining venture launched by a Saudi-U.S. venture in Masane.

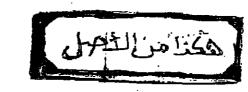
Apart from in the Wadi Najran, who catchment in Yemen sends down devastating floods, the water table in all wadis is dropping and graziers are having to go further and further afield. Over grazing has become a serious problem. Meanwhile, tradiproblem. Meanwhile, traci-tional habits of thrift with water have evaporated.

The present strategy of the Government, and of Prince Khaled's em irate, is to construct dams to hold back flood water for an orderly replenish-ment of the water table and so avoid a destructive rush to the sands or the sea. But the demand of the towns, and of those hamlets connected to mains water, has meant that Asir, like the rest of Saudi Arabia, may have to turn to the

The present plan, grudgingly accepted by Prince Rhaled, is for a desalination plant at Shuqaiq on the coast opposite Abba. The engineering prob-lems of piping water up 7,000 feet of scarp make the Taiwanese road, which will take five years to build just 30 miles, look paltry.

Apart from the problem of overgrazing, other dangers threaten the potential that Asir has for tourists. Improved rifles and motor vehicles have already rendered the oryx extinct in Arabia, and the ibex, the Arabian Gazelle and the Arabian Wolf are now at risk in Asir. Prince Khaled is now opposed to any hunting in the province, but the bedouin are less easy to convince. A second danger is the promiscuous cutting of juniper and acacia for fuel by bedowin and tourists, while their indifference to litter is seen on the road south — in verges covered by drifts of softdrink cans sometimes a foot deep.

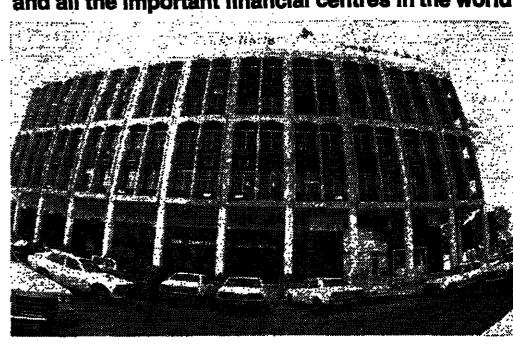
To provide some respite, nearly half a million hectares around Jefel Souda, Qaraa and Oataghan have been set aside for the Asir National Park. The U.S. National Park Service has advised the Agriculture Ministry and the emirate, and to complete amenities totalling \$15m this year. It is hoped that the park will offer refuge to such rare species as the ibex and the huge African lammergeyer (a vulture), as well as more than 340 migrants and other birds of prey.





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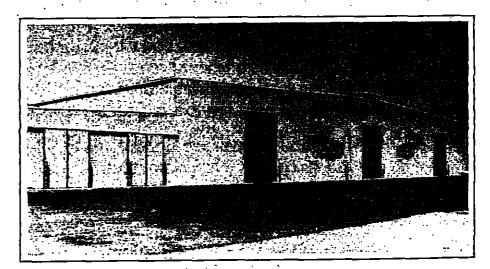
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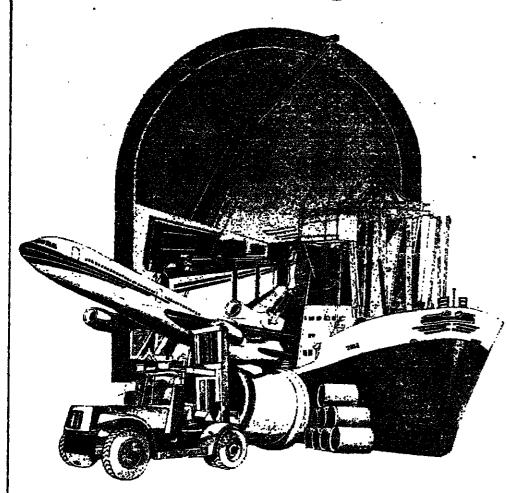


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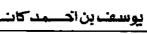
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Dilemma of the old and new

University

4 King Abdel-Aziz

Girls' colleges

Petroleum and Mineral

1 Riyadh

A STUDENT who learns without thinking is nothing. A student who thinks without learning is dangerous." Mahmoud Safar, the Deputy Minister of Higher Education likes to quote this adage, attributed to Confucius, as reflecting the fundamental dilemma faced by Saudi Arabia in adapting traditional educa-tional methods to cope with the demands of development and modern society.

There is a genuine desire amongst Saudi educators and their advisers to confront these their solution rests the shape of future Saudi society. But there have been this century main and powerful influences on education.

The first is religious teaching with all its unchallengeable authority; the second curricula based on the Franco-Egyptian system formerly used in Egypt other Arab countries which, as is conservative in its approach towards the acquisition of knowledge. The result is-and this applies more to general rather than university education—in the words of one observer, "that the two major influences both emphasise the authority of the text, rotelearning as opposed to dis-covery, pedantic exposition by teachers as opposed to activity by pupils, and the theoretical over the practical."

The fear is that, were these priorities reversed too swiftly, the outcome might be a damaging assault on the basic tenets of Saudi society and its political structure, which are already under strain from economic modernisation. It means also that there is a distinct 🚮 p between general education and higher education, which is generally run far more imaginatively. Thus the main priorities in the forthcoming Third Development Plan are

Consinuing expansion of education, which is not compulsory, to make it universal up to the intermediate level. The development of technical vocational institutions, to bridge the gap between the two main educational levels, but mainly to develop Saudi personnel so that the dependence on foreign labour willbereduced. Up-grading the quality of

training—again to the dependence on

Underlying these aims is the theme that prograess and change must not be pushed too This has become even more apparent after the siege at the Great Mosque in Mecca, which is described elsewhere in this supplement. For although. students were appalled that it took place where it did, there was some sympathy for

EDUCATIONAL STATISTICS: 1975-1980 Student population 1977-78: Schools Teachers Student population 1975-76: Schools Teachers 1975-76 1975-76 total male female category male female KINDERGARTEN 15 485 6,528 92 18,014 10,299 8.957 · n:a. 39,328 1,041,163 PRIMARY 3,497 23,913 753,208 474,639 278,569 4.445 686,108 439,502 246,606 1.400 POST PRIMARY 217,965 152,228 65,737 992 286,930 193,003 93,927 HIGHER 26,437 21,127 5,310 TECHNICAL 21 SPECIAL 1.550 45 518 1.721 1.376 1.804 ADULT 95,341 68,082 27,259 74.818 31,211 106,629 TOTAL 1.047.203 695.509 351.694 36.081 1.212.453 791.531 420.922 n.a.: Figures not available or not in Plan.

HIGHER EDUCATION: 1979-80

* Excluded are: The King Abdel-Aziz Military Academy (opened 1955) and the King Feisal Air Force Academy (opened 1970) both under the Defence Ministry and in Riyadh; and the Internal

Security Forces Academy, controlled by the Interior Ministry and established in Riyadh in 1935. † Provisional and perhaps not allowing for night school students. † Not in plan.

Overall standards

Certain faculties, such as those

of engineering and dentistry at

acknowledged to be of inter-national standards.

But it is an interesting and

encouraging reflection that the

jewel in the Saudi higher education crown—the superbly

repuation being extremely high and having about 165 Saudis studying for doctorates in the

U.S., above its current student

Saudi Arabia has been follow-

ing a deliberate policy of in-creasing the number of its

students studying abroad. This has, however, been modified to take account of expanded facili-

master's degrees; and about 2,000 are in Britain, mainly to study medicine and engineering.

Connected with this are three separate strands in the Saudi

educational strategy which is basically aimed at producing a sufficient number of qualified

people to take over many of the jobs handled by foreigners. It is a long-term project reflect-ing one of the key aspects of the next Development Plan.

population of 2,661.

1973

1976

1970

Campus/city for girls opened

Oassin

Medin

Jeddah

Medina

Hofuf

Dhahrau



Dr. Mansour al Turki, of Riyadh University

the avowed social principles and demands of the attackers. The extent of Saudi Arabia's general commitment to expanding education is revealed by official figures. In 1978-79 it had 684,614 pupils at all levels up to university. In 1979-80. there were a total of 42,957 university students. It now has schools and 41,565 teachers, and seven universities (including girls colleges but excluding military institutions), with faculty numbering 4,159.

Budgetary expenditure has risen spectcularly in size. In 1971-72 it totalled SR 1.6bn (\$479m). In 1979-80, it totals SR 61.4bn (\$4.9bn), 10.2 per of the budgeted, and the second largest single allocation. after Defence and Aviation. And within the educational budget, higher education has been taking an increasing proportion, so that its share is now over one-third.

Saudi officials, accept that heavy exepnditure does not inevitably less committed to necessarily produce quality. Saudi educational system and necessarily produce quality. Indeed, such is the country's of confusion in absolute priorities and that edge has been off improving local resources because expatriates can easily be bought in or students sent abroad on

Out of control

It is clear, too, that on occasions spending has slipped out of control. One of the tasks of Dr. Mansour Turki, a former Deputy Minister of Finance, who was appointed rector of Riyadh University last year, was to renegotiate the terms for the construction of a new campus, the largest single one in the world, for the university at Diriyyah. Costs, which were estimated by the Saudi Arabian Moneary Agency (SAMA), in 1978 at SR 13bn (\$1.83bn) could now be as much as SR 25hn (\$3.52hn). The project will go ahead but would not now be complete before the end of 1984., But, in line with a policy decision that higher education should not be endlessly expanded, it will now cater for about 20,000 students (there are over 13,000 at present), compared with the original target of 25,000.

The problems faced by Saudi educators are considerable. For example, the sheer size of the country, the contrasting and difficult geographical conditions together with the sheer remoteof some communities, means that educational services and buildings are often of uneven standards and distribu-

In addition, despite efforts to build up taecher training, it remains a profession, whether on the administrative or teachremains a profession, whether Rather the accusation is on the administrative or teach raised that foreign teachers ing sides, which is basically supervise exams inadequately, unattractive to Saudis. For leak examination questions and, example in 1978-79 they pro-vided 55.9 per cent of all teachers up to university level.

Source: Ministry of Higher Education.

ANTHONY McDERMOTT-

per cent at kindergarten level, ping out or having to repeat 72.3 per cent at elementary, 27.2 per cent at intermediate, 16.3 the situation has improved per cent at secondary, 17.6 per greatly since the mid-1970s cent at teacher training schools, 35.3 per cent at technical schools, and 58.7 per cent at ing the rate at which the system special schools for the blind, as a whole was increasing. In deaf and dumb, and mental the latter, the congestion deficients. About 40 per cent caused by "repeaters" has faculty are Saudis at fallen to about 5 per cent in versity.

1.7.78, according to Dr. Saud he system is thus largely Jammaz, vice minister for

The system is thus largely operated by foreigners, mainly Egyptians, Jordanians and Palestinians. With the exception of the universities, this has led to a number of complications. foreign teachers are modernisation. Second. because of demand larly in Egypt and Jordan-many of the teachers sent are not of the highest calibre. In addition, their turnover is high. This, in turn, aggravates the

introducing problem reformed curricula. At present, efforts are being made to language training (particularly English with British Council assistance) and technical education (with West German aid). But broadly, for the reasons outlined above, the bulk of the curricula do not coincide with the national economic and social requirements and aspirations, and are an inadequate preparation for higher education.

Dr. Turki, for example, would like to see the "free discussion" periods which make up 10 per cent of grades awarded increased to 25 per cent "But," as he points out, "you must remember the way we raise our children Saudis are still shy of discussing thiags, for we were raised to respect older people, and part of our hesitation comes from this".

Standards have also been hampered by two additional factors. The first stems possibly from an attempt to conform to Saudi desires to increase the numbers of "gublised" numbers of "qualified" personnel. There has been a tendency towards allowing an increasing percentage of passes in public exams. Between 1965-66 and 1975-76, the percentages of those passing elementary, intermediate and secondary education certificates rose by an average of 56 to 95

This is attributed less to rising standards. especially at the secondary

The first involves the bridging of the gap between secondary and higher education through technical and vocational train-But with at present only 3,815

other intermediary training **EDUCATION** courses have not fulfilled the hopes of the Second Develop-The second reflects efforts to divert students away from the softer educational options such as the arts and industrial management with their greater Broken down, this came to 17.9 of wastage through pupils droppossibilities for making money courses. In the former case,

1,726

towards the more nationallyuseful faculties of science, when, particularly in the earlier engineering and medicine. This stages, drop-outs were exceedis being done by offering greater epportunities for travel and Government-backed studies abroad, and higher regular scholarships, and through Government missions to schools in the Kingdom to explain the future opportunities in industry. technical affairs in the Educa-In addition, according to Dr. tion Ministry, from 10 per cent some years earlier. Safar, plans are under review for the establishment of five junior technical colleges, prob-ably in Riyadh, Jeddah, Hail, Asir and Taif, to concentrate on There is little doubt that producing students who would Saudi officials are concerned largely co-operate with the about overall standards. This is Saudi National Centre for Scineces and Technology and sity level, where they are acknowledged to be uneven. the Saudi Basic Industries Corporation (SABIC).
Mr. Abdel-Aziz al-Zamil, the

1977-78 1978-79 1979-80 target

20,182

1.965

44,837 42,9571

target—in the Kingdom it is admitted that the VIC and

supremely in the private sector,

10,500 12,801 13,744 15,061

13.672+ 14.556

managing director of SABIC, is Riyadh University, and the medical school at King Abdel-Aziz University in Jeddah, are confident that Saudi Arabia can produce sufficient graduates to cope, specifically, with the requirements of their industrial projects in Jubail and Yanbu. At present, Saudis provide more than one-fifth of the 530 engineering and managerial staff. But he sees no difficulty in the Saudi educational system equipped and situated, and deliberately specialist Univer-sity of Petroleum and Minerals being able to make a substantial at Dharan—has so far held back from awarding any doctorates of its own. This is despite its contribution to the 9,300 work force eventually required. Meet-ing this target will depend on bridging the gap between secondary and higher education. and on overseas-educated Saudis whose drop out rate is about one fifth, being qualified and motivated towrds working in

是是是1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年,1000年

Female education

projects such as those under-taken by SABIC.

ties at home and so as to reduce to a minimum the number of those being exposed to poteneducation. Its expansion has been an important and credit-able development. Female tially disruptive influences in the West. able development. Female students in 1978-79 provided The numbers of students abroad on Government fellow-ships rose from 5,310 in 1974-75 to about 21,000 in 1978-79. Of 20 per cent or about 8,400 of university students, and approaching 40 per cent of students at other levels

planning minister, reckons that at the end of the Third Develop-ment Plan about 40,000 women graduates will be available for employment. Yet, even allowing for wastage—which is high—this would leave a sizeable sector of useable labour. But while the ulema the religious leaders, have apparently conceded that women may work as long to they do not mix with men, there still remains the question of what careers might be open. At present, the most enticing and established are medicine and education. But officer sectors possibly tele-phone; postal and secretarial work unless a whole feminine parallel economy emerges could possibly only be pupils at 18 Vocational Training could po-Centres—half the Second Plan frustrating.

level, falsify marks. The second, was the element

Classroom in the junior section of a Riyadh school. The children are wearing tracksuits ready for their. next lesson, physical exercise

The third concerns female

these, some 17,000 ere in the U.S., of whom at least 5,000 are studying for doctorates and But Dr. Hisham Nazer, the

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Record year for attendance

tawaf ending the pilgrimage.

The ritual is unchanged since

the dawn of Islam, but it is not

Dawn of Islam

one place at the same time.

racket

pilgrim

pilgrim flight onto the tarmac of Jeddah Airport last year.
"Isn't it wunderful?" he addressed a Saudi policeman. "Now we are all brothers

again." The policeman scowled. The events of last year's pilgrimage clearly pointed the synthesis of the temporal and the spiritual in Islam that the obligatory journey to Mecca itself symbolises. A senior frantan delegation took the opportunity to meet Crown Prince Fahd and patch over albeit only temporarily—wounds in common relations; the whole celebration of unity under Allah was overshadowed by the seizure of the Holy Haram, the courtyard that contains the focus of devotion and pilgrimage, two weeks later.

The attackers were acting for the ideals that the pilgrimage represents, for the indivisibility of church and state, for the shared simplicities of faith, and for the cleansing of mankind and society. The bravest Saudi newspaper comment on the affair, and on the two weeks of bloody fighting that followed, was that only a land with an overheated emphasis on religion could have given birth to the

The pilgrimage is one of the five duties laid on every Muslim year fell in November, is earth obligatory at least once in a He r lifetime. For the Nigerian or between the hills of Safa and pilgrims,

THE PILGRIMAGE

TIM SISLEY

carried painlessly along a That night is spent at conveyor belt of charter flight, three kilometres away, the pilgrim going at sunrise to the tents. He is removed as soon as possible afterwards, lest he take brotherhood to the point of slipping into the illegal labour force. For Saudi Arabia. it is an extraordinarily efficient operation.

At some point before enter-

At some point before enter-ing Mecca, which for most means changing on the aircraft, the pilgrim enters a state of ritual purity by putting on the ihram, two towel-like pieces of white seamless cloth. Women as simple as it looks. Last year, wrap themselves in white a record 3m pilgrims came, a swaddling-clothes that leave million and a half from outside only the face, hands and feet the kingdom. Where once the exposed. From the moment of hard part was actually getting changing, the pilgrim may not to Mecca, the miseries now start argue, kill animals, have sex or with the masses gathered in cut his or her nails or hair.

In Mecca itself, 72 kilometres The heat will grow worse as from Jeddah, the pilgrim makes the dates of the pilgrimage the towof, seven circumnambumoves forward 11 days a year lations of the Kaaba. Inside the towards summer; ill-educated Kaaba, a large box-like struc- pilgrims get lost or do not ture covered with a cloth of know how to use the lavatories; black silk embroidered with there is theft; and there is the If he or she is physically and black silk embroidered with there is theft; and the financially capable, the trip to Koranic inscriptions in gold virtual protection the shrine in Mecca during the thread, is the Black Stone. For organised by some month of Dhul Hijja, which last Muslims, it is the centre of the guides.

pilgrims to fend for themselves has grown so much that last year stern warnings were issued of life-long banning for offen- space in the world, it will mean ders. A Cabinet committee is that apart from the negligible now trying to reform the number of pilgrims arriving by system.

number of pilgrims arriving by sea the local population will

organisation and on infrastruc- of the commercial life of ture. Last year SR 348m was spent on work on the Holy Sites, part of the Mina Development Project. It simply involves physical expansion, the creation of highways, flyovers and a network of broad pedestrian walkways arranged on a one-way system to carry pilgrims through their devotions. Last year, too, King Khaled dedicated SR 20bn of solid gold doors to the Kaaba.

Last year also saw the first restrictions on traffic entering Mecca. A ban mainly aimed at princes who would turn up with a fleet of cars was imposed on any vehicle carrying fewer than nine people. The Saudi Public Transport Company, the new bus operators, was pressed into service to assist the 6,400 buses normally used only for the transport of pilgrims between Jeddah, Mecca and Medina. The company leased 40 buses to the Royal Family and the Ministry of Informa-

Pilgrims are given deadlines for their leaving Jeddah for Mecca, and no aircraft or ships The guides, or mutawifeen, are allowed in after a certain.

He must next run seven times have charge of small groups of time. The effect is that the petween the hills of Safa and pilgrims, speaking their pilgrims are handled in parallel Pakistani villager bewildered Marwah, recalling the desperate language and being obliged to with the local economy, the by the electronic delights of the Jeddah suq, it is still the culmination of a lifetime's endeavour.

Marwan, recanning the desperate language and being obliged to with the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see their flock, as well as to see of them nowadays being the language and being obliged to with the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see their flock, as well as to see of them nowadays being the language and being obliged to with the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see their flock, as well as to see of them nowadays being the endeavour.

Their payment is fixed by the Shelter for most that Jeddah residents see their flock, as well as to see of them nowadays being the subject to the state of the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see their flock, as well as to see of them nowadays being the subject to the state of the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hagar, the ensure food and shelter for most that Jeddah residents see the subject to the search for water by Hag While their ancestors could according to the legend, built state. However, the volume of curious echo of the seaside, so have taken years for the the Kaaba with Ishmael to complaints against their gong- that Allah can see them making journey, today's pilgrim is resemble God's house in heaven. ing extra money and leaving the pilgrimage.

pleted for Jeddab. with its Hai Terminal the largest enclosed Efforts at smoothing the have almost no contact with assage of those multitudes their guests. It will set the concentrated both on seal on a gradual extrication

Jeddah from the pilgrimage. Five years ago, traders would do as much business in the one month as in any other six, taxi drivers would "make a killing" and the pilgrims would sell their carpets or artefacts to get home again.

The people of Mecca, though, will continue to prosper, as will the bedouin who gear their lives to selling goats and camels for the sacrifice. So, too, will the Third World airlines and the charter companies supplying the aircraft that go to the one landing and take-off every minute in Jeddah just before the deadline.

Not so the Saudi Government It was a poor pilgrimage during the Depression that caused an indigent King Abdul Aziz to give the first oil concession, but the Government now heavily subsidises the affair. Fees are fixed at the minimum, and the State fills the gap not only with the SR443m granted the Ministry of Pilgrimage and Endowments in the budget for the present financial year, but

Three million pilgrims went to Mecca last year. Most pilgrims arrive by air, but some (above) still come by sea

among heads of state who came, is always watched carefully, a a winter of busines and Yasser Arafat issued his dozen old men accompanied by summering in Cannes. liberate Jerusalem.

annual call for Holy War to a young Slav claiming the

the present financial year, but also with the salaries of the 4.258 firemen, 17,000 soldiers, and 5,000 cleaners on duty for the last pilgrimage.

It may be worth it, apart from the religious duty that is clearly felt, for the special position given the kingdom in the Islamic world. It is an opportunity for influence or reconciliation: last year Kingdom tries to ensure that conficials to have been the peak officials to have been the peak offi

United Aram Emirates were of Soviet Central Asian Muslims merchant class, pious again for Saudi Arabia's

though, is not limitless. The

Foreigners unwelcome

ONCE THE Christian cemetery stood in the desert outside the city, haunted by parish dogs raided by the bedu for knuckle bones to use in a dice

The handful of Westerners in Jeddah in the 1940s agreed that should any one of them die, he would be buried at sea. The Nakatu and Hindawiyah since subsumed the cemetery,

led to the banning of alcohol, is sewage into the sea. American with Aramco ... arm

bootleggers and speakeasys, ex-Americans at the U.S. Geologi- desire to change Saudi Arabia

Inter Projects &

EXPATRIATES

JOHN CLOSE

quarters of Jeddah have long in Jeddah and their cousins at after all, share the same faith. the Aramco compounds in now lost in the lumber yards Dhahran remember the policeand apartment blocks that have man on the corner, who waved sense of loss, for Saudi Arabia's burgeoned since the city walls as the women drove their identity as a nation has always were razed in 1947.

Cyril Ousman, the British the prisine fjord north of Content, in the recent past, to consul whose murder at the Jeddah, now choked with speedhands of Prince Mishari in 1952 boats and houses pouring their They buried there, as are others: remember, too, the quiet streets "Unknown Englishman . . . and easygoing Saudis.

Europeans and Americans of Italian worker. Ethiopian have become the house slaves, maid. Pilot Benladen."

Asians and Africans the field hands, with the Lebanese as compared with the days of the overseers.

first Europeans in Arabia. The change in the relation-There are Western schools, ship between Saudis and their workforce has been from one traordinarily successful theatre of complacent curiosity to one and music groups, and video of resentment and fear. Being libraries to ward off the bore- a threat is rather puzzling to dom once averted by long days the foreigner, whether Muslim on Quarantine Island, sipping or Western. Few plan to stay cocktails in the sun. Yet the here for long, none has any

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cal Survey and Saudia airlines and the Muslim workers do. But the xenophobia is not so much a fear of subversion as a

> thet labourers build their new physical world, Saudis—with an uncomfortable sense of their own inadequacy—have now man, even as he drinks his fire turned against their helots. water.

From a disgruntled exile in the Lebanese mountain village of Ajaltun, St. John Philby, for 36 years an intimate of Saudi Arabia's first king, Abdul Aziz, wrote in 1957 in his bok, Forty Years in the Wilderness:

dependence on American technicians (and monetary aid) for the training of the Saudi army and air force, for the efficient administration and maintenance of hte Saudi civil aviation, plus the development of various agricultural projects, the increase of the country's water

supply, its geological investigation, and so forth, tended to create an inferiority complex with all the ills attendant, thereon." For Third World construction

workers this resentment takes the form of Draconian laws governing work permits. It is not uncommon to see Egyptians fieeing through the streets from Saudi policemen, only to end up in one of the Interior Ministry's black marias, lined up

Appalling greed

For Westerners, the bullying is more subtle. The men are made cynical and disheartened by the appalling greed and Byzantine business practices. Their wives suffer acutely, partially during their fort particularly during their first few weeks, marconed in compounds, which are almost witty in their parody of suburban and denied driving licences in an isolation from relatives made all the more painful by the knowledge that, should there be a death at home, they would miss the funeral. Like all else here, it takes time to get an exit visa. Last year's long, hot summer

of diatribes from the Society for the Encouragement of Virtue and the Discouragement of Vice, which is responsible for maintaining public morals, made clear to the foreigner that he is not welcome. It was then that Saudi Arabia's officialdom. if only through silent consent, allowed the religious group to draw a line between "us" and

Again, St. John Philby knew of what he spoke. Saudis, he said, "have gladly left to the industrious foreigner the laborious task of producing the for their flocks and herds, and Arabia.

"And, paradoxically, while in the days of extreme religious and national fanaticism not so long ago, the despised stranger within the gate was accorded a wide measure of latitudte in the enjoyment of his own way of acceptance by the Arabs them selves of foreign ways and standards has been accompanied by a series of pin-prick and privileges of the foreign

Unable to surrender the Content, in the recent past, to luxuries of which such a short Saudi is becoming ever more ridden with guilt and self-hatred. He attacks the white

Since Philby's day, the "pin-prick restrictions" stab more deeply. Almost everyone has— or has had—a friend in jail, many awaiting a hearing years after the alleged offence: young Americans imprisoned without ". . . the country's obvious trial for drug smuggling; Britons for selling hooch; Europeans for giving a party at which drink was served and women danced with men other than their husbands. Saudi justice moves glacially and, unless you have friends, inexorably.

Judicial process

What is even more chilling is that it moves in a world of its own. The judicial process here, presided over by men who speak no English, who have never left Arabia, and who are administer ing God's justice, is blinkered rather than blind.

The labour court is generally more sympathetic and know luedgeable, but before signing a contract with a Saudi employer, it is imperative that the suband visit first to see if the flat really is furnished, if thet car he is to pay for is actually in his name, if the salary, which may seem tempting from inflation-ridden England or America will indeed cover the soaring cost of living here.

That accomplished, the family must realise that "fun" in Saudi Arabia is like drinking home-brewed beer: savoured rather than it is and enjoyed as much for the effort involved in its preparation as for any intrinsic value.

There are, of course, many selves, who complain, who waste Westerners who isolate themtheir time here if not their bank accounts. If there is a lack of habeus corpus and running water there is no lack of grandenr in Arabia. To leave the sprawling, half-finished cities is to return to a land of sky and sand not yet wholly obliterated by development.

The mountains of the Asir the southwesetrn province, the coral reefs north of Jeddah, the quiet towns of Hail and Hofuf, the massive canyon 250 kilo metres north-east of Taif-all these and more will stir as they stirred the 19th century explorers.

In this noble and ruined country, there is still a young wealth and amenities needed farmer at the end of a steep for their now comfortable and trail who will take you into his luxurious living. Even so had messuage, name the wadis the Arabs in all time left the below, lead you on a tour of menial cares of agricultural toil his plantation, send you on your to their slaves and servants, way the next morning after a while their nobles roamed the hot cup of tea, and prove that wilderness in search of pasture therei's still a natural grace to

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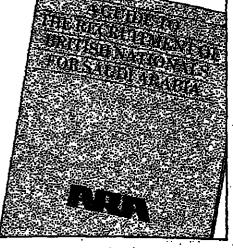


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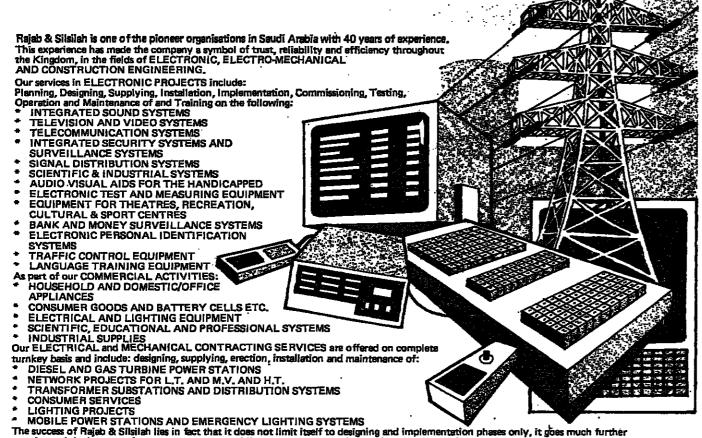
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AL SAUDI BANQUE

PARIS

The Board of Director of AL SAUDI BANQUE—in their recent meeting in the State of Bahrain—approved the audited accounts as presented:

> COMPARATIVE BALANCE SHEET December 31, 1979 (in thousand French Francs)

ASSETS

	TA.A	1978
Cash and due from Banks	1 455 129	987 422
Trading Account Securities	34 387	35 874
Loans and bills discounted	730 945	553 927
Sundry Debtors	70 922	102 510
Investments	18 159	18 123
Fixed and other assets accumulated	5 793 ·	
Depreciation and amortization		5 918
Total Assets	2 305 335	1 703 774

LIABILITIES AND STOCKHOLDERS' EQUITY

Demand deposits	139 226	180 805
Time deposits	· 1 968 644	1 308 258
Total deposits	2 107 870	1.489 063
Sundry creditors	24 328	79 733
Accrued liabilities	36 482	29 457
Total liabilities	2 168 680	1 598 253
Stockholders' Equity	125 000	
Capital stock, FF 1.000 nominal values subscribed and paid up 100.00 shares		100 000
Legal reserve	276	81
Retained earnings	11 379	5 440
Total stockholders' equity	136 655	105 521
Total liabilities and stockholders' equity	2 305 335	1 703 774
CONTRA ACCOUNTS		
Documentary credits	350 007	169 629
Guarantees issued	363 033	411 107

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COMPARATIVE STATEMENT OF INCOME

AND RETAINED EARNINGS

December 31, 1979 (in thousand French Francs)

1979	1978
198 897	95 500
188 335	86 455
4 428	5 142
6 134	3 903
11 379	5 440
	198 897 188 335 4 428 6 134

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A Moroccan pilgrim kisses the black stone lodged in a corner of the Knaba at Mecca. Saudi Arabia's guardianship of the Moslem Holy places is an essential element in the relationship between the Royal Family and Islam

Dissidence brings risk for Government

IN AN interminable press conference soon after the recapture of the Great Mosque in Mecca, Prince Nayef, the Saudi Interior Minister, was asked if the Government would come down hard on men with beards. Long beards, associated in the public mind with the ulema (divines) and the selfstyled keepers of public morals, the Mutawain, were also a mark of Juhaiman Al-Otaibi and his ban dof Brethren, who seized the mosque last November.

"Half the Saudi population has beards," Nayef replied. We will always honour signs of piety on a man's face."

Six months before, in a pamphlet circulated in Riyadh called The Call of the Brethren, Juhaiman had Brethren, Juhaiman had dictated: "Do not seek the law from those who hav eno beards or the state ulema. They will make matters more only difficult for you. They will not tell you the truth. They only tell you what the Government wants."

Rebelions and regimes have their symbols and, for both Nayef and Juhaiman, and a certain Islamic way of life, Government spokesmen always insisted that religious orthodoxy is the preeminetn guiding force, that the Koran and the Sunna, (the Prophet's own example), are the sole constitution of the country-inded, that Islam and

Sanctity

Juhaiman claimed that all Muslim rulers, and particularly the Saudi leaders, had abandoned the Koran and the Sunna and co-opeted the ulema into their coruption. Even Juhaiman's old teacher, the blind and exceptionally learned Sheikh Abdul Aziz bin Baz had, he alleged, been "bought." "Bin Baz may know his Sunna "Bin Baz may know his Sunna religions are permitted on well enough, but he uses it to Saudi soil; but the complacent, support corrupt Juhaiman enumera symptoms of the disease - the been heard of late. extravagance and greed of the ruling Al Al-Saud, the presence of Westerners in the kingdom. television, football, mixed education, even universities, between the religious reformer, indeed, the whole paraphenalia of development.

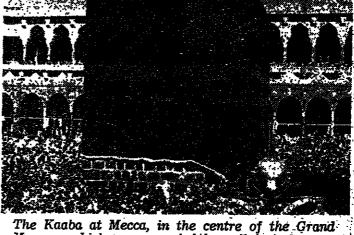
The pamphlets echo the language of Islamic dissidence elsewhere, and even classical Islamic political theory; it is the attack on the Government of Saudi Arabia and the Saudi way of life (not to speak of the sanctity of Islam's holiest shrine) that was unprecedented. Few believe that Juhaiman's revolt has hurled the kingdom into that family of Muslim states — Iran, Pakistan, Libya, Egypt, eve nSyria—where Islam becomes the main refuge for opponents of the Government, Western "imperialism" or corruption ano oppression. Only a handful of Saudis sympathised with the violence of the Brethren or Juhaiman's eccentric and exact timetable for the redemption of the earth by his friend and Mahdi, Muhammad

ibn Abdullah Al-Qahtani, dissidence bears for a Govern-ment that rules the Holy Land of Muslims, plays host to an annual pilgrimage and claims to be as near an approximation to Allah's political will that human frailty allows.
It is inevitable at a time of

questioning in the Muslim world about the political status of Islam that the Government of the Holy Land should come under scrutiny. The brethren could boast every shade of extremist fervour from the spectrum of Islam. Saudi defined by its opposition to cer-Arabia's ingenious immigration tain lax practices of the 18th and university admissions century (such as the worship of policy, and Juhaiman's personality, ensured that the group contained representatives of the Islah group of Kuwait, the Muslim Brothers of Egypt, the subcontinent and the Black customs.
Muslims of the United States. Many

Jamiat Al-Tabligh of the Indian by Turkish and even American the Press or ulema and Muslims of the United States.

Many Westerners believe Crime, in the English underEqually, the siege gave Wahhabites to be puritanical
religious opponents of the and this is true in the sense that paratively rare and Saudis take regime a field day. The Saudi



Mosque, which was occupied by religious fanatics: last November

ISLAM

JAMES BUCHAN

to orthodoxy and the capacity to cause mischief among the Shi'ite minority in the Eastern Province oil-fields. But it was profoundly upset by the strident claims of Tehran radio, and of certain of the Iranian pilgrims, that the kingdom was ripe for Islamic revolution.

has shaken the confidence of the Government and ordinary Saudis, not only in the bearded representatives of the faiththe relationship between bin Baz and Juahiman, (which continued into the summer of 1978), has damaged the standing of the ulema—but also in the Saudi way of life in a period of rapid physical change and expanding wealth. No churches or temples of other corrupt rulers." uncompromising missionary enumerated the tone af Saudi Islam has not

At the heart of Saudi society, and of the legitimacy of the Al Al-Saud, is the Wahhabite Creed. An 18th-century alliance Sheikh Muhammad Abdul Wahhab, and an Al-Saud chief-tain in central Nejd, formed the basis of the present State although it was not achieved until the conquests of Abdul Aziz ibn

Saud early this century. Beyond this dispensation, Saudis have no competing attachments either to an earlier civilisation (as in Iran) or to the cultural influences of an occupying power (though the present flood of foreigners and foreign ways amounts to that in some eyes).

In every sense, Juhaiman was Wahhabite heretic; his links, through blood and sentiment, were to the fierce Brethren of Nejd that carried the Wahha-bite banner into the corners of Arabia, his quarrel as much with the Nejd ulema as with the Government In general ,the Wahhabite

Instead, the small and hold weakens with the distance fragmentary revolt pointed out from Nejd and there are the enormous risk that Islamic pockets of schism, in the Shiite villages or among the Bani Yam beduin of the south-west, and of old superstitions in the deep countryside. Among the settled tribes of the populous Asir, a Wahhabite veneer barely masks predominantly Shafi or mainstream attitudes. Saudis disapprove of the term

Wahhabite and prefer to des-cribe their faith as the closest attempt at the ideal behaviour of the Prophet and the early Muslims. But modern

they are generally opposed to a pride in the safety of the Government was always aware what is new. At heart is a pro- towns. When crimes do occur, to wash the bloody from the that the revolutionary leaders found xenophobia which sits ill they generally concern sex and in Iran had competing claims with older beduin traditions of are exceptionally violent; it as returned to married."

correctly that the Saudis began to limit the freedom of resident Westerners as the old confidence diminished in the 1950s; the pinpricks have multiplied with the proportion of foreigners. It is hard for expatriates to believe that until 1952 the government permitted them alcohol and even

taxed it. Non-Saudi Muslims tend to remark on two contradictory elements in Wahhabism which have given rise to accusations of hyprocrisy and certainly make Saudi Arabia a bizarre place tol ive: An intense dis-taste for legislation, indeed any tampering with the Sharia, or divine law, is accompanied by an equally intense concentration on public life, morals, and religious observance.

The result is that business and household life (and even road safety) are almost com-pletely unregulated while the Press, hotel swimming pools and attendance at the mosque are closely watched by both the authorities and responsible Although committees (not:

courts) to exist to regulate commerce, many businessmen complain at controdictory, outof-date, or non-existent legislation. Insurance and the charg-ing of interest flourish in a legal vacuum; while traffic accidents (which do not even go to court) are assessed by the police, usually against the driver least hurt.

Pressures

In contrast, public morals are under a wide variety of pressures. The first of these is a very highly developed sense of shame which appears also in the sensitivity of Saudis to the criticism of the Muslim world and the West

In the sug areas, the mutaw-wain translate the traditional Islamic duty of "approving the right and condemning vice" with blows of the stick on errant shopkeepers or women. The State, through the police, makes no distinction between sins against religious observance or propriety and crimes against life and property. Admittedly, what appears to

Western eyes as the most pettifogging rules of recent years (about women's dress, or mixed bathing) owed much to Juhaiman's strident preaching in Riyadh.

The State ulema, seeing their gravity of Saudi men. influence diminishing in a Wahhabism remains strongly wealth of novelty were perhaps appears that the Government is prayer, decoration and public quite unable to resist calls for when I returned had tion proceeds by fits and starts would not let me in when and as an excess is discovered to the control of the control as an excess is discovered by forbidden-

encompassing way of life that those who break out of it despair of returning. Within the limits of rectitude,

ible freedom of private ehaviour. Although peer pres a sort exists—it is for a Government efficial to take a second wife— Saudi's private life is generally his own affair.

The family remains the prime interest of the vast majority of Saudis and, outside cosmopolitan Jeddah rich and American-educated Government officials, the limit of their social expectations.

Tel

BRANC

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KHA

As such household life contributes to the remarkable social stability of the country and also to the door appearance of its streets. Jeddah, with its private opulence and public squalor, is the opposite of the European ideal.

Without exception, Westerners criticise the seclusion of women as if women in Europe achieved their rights without a struggie. To assume also that because women can be maitreated, they are, is to underestimate the power of the wife's family.

The subject is of extreme delicacy because it is so close to the centre of Saudi custom and, though the Koranic auth-brity is weak, religion. The Third Five-Year Plan proposes only that a committee should may work. Although education has already wrought immediate changes for the moment, only those Saudi men who have been exposed to Western ways for a long period will risk the complaints of their alders in allowing their wives abroad and they tend to be cautious about the company they keep.

Just how sensitive the Saudis

can be, especially in matters affecting the Royal Family, was shown in the row over the recent showing of a British television film that attempted to reconstruct the events leading up to the execution, in 1977, of Princess Misha'al bint Fahd bin Muhammad.

Not tested

At the time of the girl's death, a number of intelligent Saudis had been upset both by severity of the sentence and the evidence that the charge of adultery or whatever had not even been subjected to the rigorous test of a Sharia court. In fact, the evidence sug-gested that the princess grandfather, Prince Muhammad, had exercised a pairiarch's right of life and death ever his family which is customary ('urf) behaviour that have not yet completely decayed.

Yet it was not apparently the film's damaging charge of unorthodoxy, but its suggestion that Sandi women, and ses, regularly arranged assignations with men in dress shops or on desert roads that so disturbed the Royal Family. In fact, Prince Naif last year ordered his police to watch dress shops for procieds the dress shops for precisely this reason. But such a candid treatment of Saudi womenfolk and the honour of the Royal Family abroad was instantly seen as an attack on the authority of the family, tradition and, thus, by the usual assumption, Islam itself.

Deep down, there is little feeling that women should have an indepent social existence or that the giggling of Saudi women is not a reasonable counterpoint to the beards and

The attitude of Juhaiman's wealth of novelty, were perhaps executioner. Sheikh Saad content to use Juhaiman as a Abdullah Al-Beishi, persists:

The first time I practised in and the Royal Family. Yet it Riyadh, I executed three men. would not let me in They frightened and perhaps

should turn t

perhaps thought they should leave.

I dealt with the situation with an iron fist. I threatened to break down the doors. They gave in and left their rooms sword. Af ter this, everything

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SAUDI ARABIA XXVII

Government prestige suffers severe blow

MYTHS ARE quickly made in Islam. Just a few months after the seizure of the Grand Mosque in Mecca, little is certain except the damaged minarets, four crabbed pamphlets and the dead on each side.

The Saudi Government has consistently claimed that the revolt of Juhaiman Al-Otaibi and his Ikhwan (or brethren) was a bizarre theological exercise of little consequence; yet his promises of constitutional reform and land for all seemed to assume that the rising masked much deeper discontent. The Government and the Royal Family have suffered a blow to their prestige; even the execu-tions had to be delayed for lack of competent men to despatch

Some commentators have atempted to see separate politi-cal and religious strands in Juhaiman's message and action but this does not appear to be possible. At root, Juhaiman's revolt drew its inspiration from the same sources as the Saudi State itself, from a model almost as old as Islam, in which small communities expressed their piety by puritanical behaviour and militant relations with the ruling regimes an otheir neigh-bours. This was the patern of life in Nejd in the 18th century settlements of the bedouin warriors known also as Ikhwan, with which Juhaiman clearly

had strong sentimental links. Such forms of organization could scarcely survive in a modern State, and the first Ikhwan were suppressed by Abdul Aziz bin Saud; but Nejdi opposition to innovations flared up as late as 1965 and was quelled by force. In recent years, too, social and political life has developed beyond the power of the mainstream ulema (clergy) to understand, interpre, or control it.

Aware of dangers The Royal Family had always been aware of the danger of religious extremism and the. capacity of the ulema to cause capacity of the ulema to cause trouble. The siege revealed that the Interior Ministry invariably tax-recorded servious in the Grand Mosque. The Islamic University of Medina retentive memory quickly distinguished him at the lectures

of Bin Baz.

two years the group bought a

Juhaiman's first pamphlet was

published some time, it is thought, in early 1973, and was

probably written and financed

by a young man called Yusuf

in Kuwalt run by the sympa-thetic Jamiat Al-Islah (the Reform Group), it was headed

Obedience and the Corruption of Rulers" and argued that the

Royal Family was wicked and

Juhaiman and 98 followers were

They were released through

the intervention of Bin Baz and

against their own promise of no

assembly.

Accusations

internal intelligence service failed to gauge the scale of over the extent to which the the threat even after Juhaiman Koran and Sunna required an had been arrested in June 1978 open condemnation of the Saudi and the Ikhwan had spelt out regime; Bin Baz and the other their plans in a pamphlet issued ulema had been bought, the early the next year. The very pamphlets said. Whether it day before the November 21 was because of this disagreeattack armed Brethren were ment or the Government's taken in routine checks in the purge, Juhaiman and 10 fol-south on the road to Medina lowers moved to Qasim in 1974 and at the entrance to the mosque, but still the authorities At some point over the next

Of course, the Government house in Riyadh and engaged was obliged to treat religious in strident addresses in downopposition with care so as not to compromise its own tradition of militant rectitude, embodied in the curricula of the religious

universities. Medina university had been founded in 1960 by Moslem Brothers driven into exile by Nasser: they had persuaded King Saud that the Egyptian regime was tampering with the sacred curriculum of Al Azhar In Cairo and the new university developed strict and reactionary teaching. This was refined under the guidance of Sheikh Abdulin 1969 and was Juhaiman's master. He later signed the young man's death warrant.

Medina's role in the Pilgrimage, and the Government's mis-sionary tendencies, naturally foreign students opposed to the regimes in power in their own countries. According to Sheikh Hamud bin Saleh Al-Aquit, the prayer leader of further public assembly. a Riyadh mosque; "An atmos- Jhaiman went underground, phere favourable to Islamic travelling the country in secret heresy existed because of the and recruiting small cells in

foreign students. A group Mecca, Medina, Abha, Tabuk emerged calling for the reject and Jeddah. A new element, tion of 'interpreted' doctrines not usually associated with thinking. that one of the Bretheren, a student from Riyadh's Immam Muhammad bin Saud Islamic University called Muhammad Abdullah Al-Qahtani, was the Mahdi who would redeem the world of corruption and herald its ending. The pamphlet, numbered three and dated in 1979, spelt out the doctrine of the Mahdi, who was to be named in the Grand Mosque

cratic Front in North Yemen. that the arms were supplied from external sources with an interest in the success of the revolt. The Ikhwan's firepower, put on show by the Interior where they started preaching. Ministry, consisted mainly of semi-automatic of Russian or East European manufacture but ranged from nickel-plated AK47s through the Saudi army sub-machine gun to Spanish shotguns and Yemeni cutlasses. All were, and still are, easily available among the bedouin.

At 5.80 am of Tuesday Muharram 1 1400 AH, the mosque's prayer leader, Sheikh Muhammed bin Subayyal, came to the microphone to lead the Bajunaid, the son of a rich Jeddah family of wholesale merchants. Printed on a press dawn prayer. According to the tape recording. Juhaiman pushed him aside and started to reveal the Madhi. A guard who approached was shot. Pandemonium broke out as many of the worshippers. most of them Pakistanis, made to escape before the gates were

corrupt ("They worship the riyal") and should be opposed The Government's initial was both energetic and effective. Unaware of the no evidence that non-Muslims extent of the revolt, all tele- were actualy present at the arrested but held for only six communications with the outside world were cut off and a cordon tightened round the shrine area. In the course of the day C-130 transports were ing tyres finally drove the 170 moved to bases in the north survivors of Juhaiman's band

nen, while 600 of the Special Security Forces were brought in from Riyadh. Prince Turki Al-Faisal, the head of external intelligence, flew back from the Arab Summit in Tunis and assumed command: Prince and Prince Sultan, the Defence Minister, also hurried Mecca.

It soon became apparent that the Brethren's following was limited to the men (and women and children) in the mosque numbering around 250. With a battalion of National Guard, the SSF, and units of army and police ringing the mosque, the authorities felt the rebels would succumb to a frontal attack that might; the troops were also proving difficult to

All power had been cut off to the mosque. The troops advanced over floodlit ground and were cut up badly by fire from the darkened upper stories and the seven minarets.

Strong pressure

Admittedly the Government was under severe pressure. A deeply distressed King Khaled, world Muslim opinion and the Saudis themselves pressed for a speedy despatch of the rebels. The authorities were also aware that every day the siege on a black market fed in the only to Muslim criticism but to domestic discontent; a riot in the Shiite villages on November 30 pointed this weakness At the same time, the Saudis were concerned about the fabric of the shrine and the mounting death toll.

In the next four days, a series of attacks were launched with little tactical care or coordination between the services. Troops and security forces were winched down from helicopters daylight; most of the 127 Government casualties were in-curred then. The regular tribal officers of the National Guard were replaced by Americantrained NCOs from Riyadh. whom they refused tot obey. Medical care at Mecca, according to doctors at the Armed Forces Hospital, was primitive

in the extreme. Despite Indicrously optimistic bulletins, the courtyard and the upper stories of the mosque were not in Government hands until the Sunday. The rabels took refuge in the unmapped cellars and retreats beneath supplies had been stored. Prince Turki sought assistance from both the U.S. and France in dislodging them, but there is ber 5, two weeks after the siege began, that a mixture of American gas, piped water and burn weeping into the sunlight.



THE MECCA SEIGE

JAMES BUCHAN

in favour of a return to the Arabia, entered Juhaiman's basic Koran and the Sunna (the traditions of the Prophet's own behaviour). The Saudi authorities expelled the foreigners and rehabilitated the Saudi students but after the death of King Faisal, the heresies started up the career of Juahaiman (and Bin Baz) at this cockpit of militant Islam. Juhaiman bin' Muhammad bin Seif Al-Otaibi was born around 1945 in Saghir, amid violent opposition from Qarm hamlet north of the existing powers. immense Otaibi rangelands of central-west Arabia. After an intense belief in the traditions behind this doctrine goes some indifferent 10 years in the National Guard—he appears to way to explain their dogged The day chosen for the introduction of the Mahdi was the first day of the new Islamic century, November 21. According to one account, Yusuf sold some property in Jeddah to pay for arms which were collected claimed he broke with Bin Baz north by surplus weapons from the Lebanese civil war and in the south by Aden and the Moscow-backed National Demo-As yet there is no evidence

and south to be ready to collect



Saudi Bedouin surge round a water truck, part of the prize for the victor of the King's Cup Camel Race

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A continuing struggle for emancipation

THERE IS joy among Saudi for emancipation, just as the and private mores can only of men but equal.

Under Sharia law, the Saudi woman is specifically permitted to hold her own purse strings but, cut off as she has been from the man's world of commerce. she has often had little control -let alone knowledge of her being just one example. financial affairs. Now, she can not only go to the bank, but also

The kingdom's Labour and Workmen Law of 1970 says any company may hire a woman if it provides here with maternity leave and a place to sit, and if her work does not entail dealing with men who are not privileged to see her unveiled.

In effect, this means that women have only been able to find legal jobs in teaching, social work and medicine. A bank rup by and for women is within the law in hiring a Saudi

It might be argued that economic independence Saudi women will prove to be of the future of women, the a weapon with which to fight contradiction between public virtually non-existent.

women. They now have their Married Women's Property Act grow more stark. own banks, separate from those of 1859 led English women on to bigger and better things. Yet, been any addressing of the for every step forward it often seems there are two backward. the recent banning by the Ministry of Information of the Great Mosque in Mecca was

> For the upper class in the effects of contact with the West cities (the poor and the princesses are outside the realm to enter the vacuum out of fear. of debate) private life is already surprisingly free of the segregation of which the two large drawing rooms in older houses is only a vague reminder.

Contradictions

Among the young, it is now the telephone that breaches the wall. Many couples are practically on the point of betrothal by the time they arrange to meet in a supermarket or bookstore or when brothers and sisters bring them together.

There was unlikely to have question by the royal family, even before it was reminded of the power of the right when pictures of women in news-papers and advertisements so violently opposed to corruption and other deleterious

> If they were to allow their women out from behind closed doors, would that not be changing the nature of their Islam and, if they were no longer Islamic, what would they

can hold, is not clear. For every tentative suggestion that change is welcome, there is an often declaration that anonymous tradition and the teachings of Islam cannot be contravened. Without any official discussion Rational discussion, clouded by religion and tradition.

How long the tissue of

WOMEN'S ROLE JOHN CLOSE

One of the fist atempts at coherent analysis of the twocareer family came earlier this month from one Khairiah Al Saqqaf in Al Riyadh newspaper. She acknowledges the problem 'material independence when a woman goes to work" which, she rather subtly declares, arises from male fear female success.

The man - as father, brother or husband - used to euphamism, spun in the silence, his women but as son as the woman receives her first paycheck this responsibility taken away. He demands from his wife what she can ill afford to give. He sometimes feels himself entitled to his wife's money because she takes time out of household responsibili-

Other problems arise when the woman enjoys her material independence money as she likes, regardless of her husband's will or mood. This leads to duels and tense relations. We have seen many a family collapse as a result of

The resolution, in her eyes, lies not in the woman's return to the home but "in a proper spiritual awakening."

In a series of unsigned articles in defence of the veil published in the newspaper Medina, and allegedly written by a woman classic Saudi rebuttal to change, that curious admixture of historical misinterpretation and blunt dialectical tools, is trundled forth: "Co-education at Islamic universities deprives women of their femininity, just as in the West, where women are no more than beasts. Islam and the veil bestow honour and

dignity on women. Anyone who reads the Old Testament can easily see that omen veiled among Hebrews. A woman's veil is ordained by God and therefore there is no qustion of anyone holding different opinions on

no banking courses offered for women in Saudi Arabia, the new women's banks have ben deluged with job applications. Some Muslim and some Western women have been hired to manage the banks and train their Saudi sisters.

One English woman, who is to manage a branch reports that there is a kind of desperation to the eagernes with which Saudi women are learning the trade.

'They know they must succeed," she says, " or all those who are booing them on the sidelines will be proved right." Bankers are just as eager for the new branches to do well.

If they do not, it will not be for lack of resources, for the untapped field of women's finance is potentially vast. involved in business than is immediately apparent.
It is the women of Jeddah's

merchant families, for example, who are often behind the scenes at the scores of new boutiques and stores flowering across the city.
Mrs. Nabih Pharaon, married

to a nephew of the venerable Royal Advisor, Dr. Rashad Pharaon, recently opened a store selling objets d'art by Rosenthal. Mrs. Layla Yousuf Binladen opened an Yves St. Laurent boutique last year, with the backing of the king's daughter, Princess Husa bint Khaled. Their businesses are

shelves in the store's first 14 days.

Nor are the women of the dabbling in commerce. Princess Anoud bint Faisal, daughter of King Faisal, has her Anoud Trading Company. Princess Mardi bint Saud Mahmoud Al-Muqalran has her Al-Shark Commercial Establishment.

Jawhara bint Princess Khaled bin Muhammad bin Abdul Rahman, great grand-neice of King Abdul Ariz, the founder of the Kingdom, and wife of King Faisal's eldest son. Prince Abdullah, her second cousin-once-removed, is a major shareholder in Saudi Arabian Amiantit, a highly successful corporation which manufactures fibreglass and asbestes piping.

Unsavoury

If it is undeniable that women control a great deal of money, there are those who wonder whether separate banks is really progress. "Separate" has rarely proved equal elsewhere in the world, and some feel it is a perpetuation of a rather unsavoury system.

With women relegated to separate universities, separate exits and entrances to buildings. separate train and bus compart ments, forbidden to travel withoutw ritten permission from a male relative, and indeed, unable to take a walk without

There are those who would watched \$597,000 worth of St. making a moral statement, the dare to demur. Though there are Laurent swept from her comparison to apartheid is

inescapable. Nevertheless, the cuphoria at the women's banks is almost House of Saud reticent about palpable. Miss Razia Khan, operations officer at National Commercial Bank's women's branch, opened by

King Faisal's daughter Princess Mishael, says: "The women can make transactions themselves and manage their own financial obligations without bothering the men.

"tI is very exciting to be working with them. They are all happy. We are all working very, very hard."

Many Saudi women have been working hard for almost 30 years. One such is Cecile Rouchdy, who, with the patronage of King Faisal and Queen Iffat, opened the first chool for girls in the last 1950s. Since then, a steady progression has carried women through interindetate, secondary school and finally to university and graduate study. There, the momentum has afficiolly halted but the energy and ambition of Saudi women continues to boil beneath the surface.

If one steps into the walled courtyard of a fashionable girls school in Jeddah and asks them what they plan to do when they return from California, they say, with a laugh: "We will work They can't stop us now."

As they leave the school to step into their brothers' only with a black scarf tied around their necks.

Wildlife abounds but game animals are in danger

Saudi Arabia images of hostile and terrifying deserts come to mind-yet there are other and very varied regions in the vast Peninsula, suporting all sorts of life. Even in the deserts there is life.

mals in Arabia, though far fewer now in the age of the

Until about 40 years ago, heards of gazelle and oryx roamed and were freely hunted by the bedouin for meat.

Doughty, in Arabia Deserta, reports oryx horns used commonly for tent pegs. Now, a hundred years later, these Gazelles. have tremely rare. Game animals, which rely for escape on speed alone, have had no chance against the motor car and the eun within it. The shooting of these animals is now illegal, but prohibition has come very late.

In a country where hunting has been part of the national thos protection of endangered species, enforcement of prohibitions, is problematic. The World Wildlife Fund has been anxious to interest the Saudi royal family in its aims. In 1976. he king made a contribution of £50,000 to its funds.

favourite game. Saudi Arabia's last recorded ostrich was seen in the suq, in Jeddah, in 1946. However, lack of reported sightings need not always mean extinction. The people most likely to see rare animals—the Bedouin—have little scientific curiosity. Ostriches may yet survive in remote fastnesses.

Certain animals, reckoned to e extinct, have recently been re-discovered " from aerial reconnaissance fllights, e.g. the ibex. Once common in all mountain areas, this noble animal has recently been seen again in the mountains of the Asir (south-western region) and the mountains north of Medina.

The Asir is one of the most beautiful and fertile regions of Arabia. Its tremendous mountains catch rainclouds, and the rainfall is far higher bere than elsewhere. Cultivated green vaileys, orchards, and even juniper forests are the result, with a consequent relative abundance of flowers, birds and

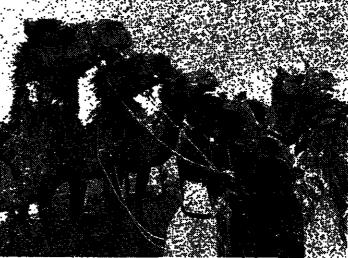
Unsavoury

In spring, it is hard to believe that the alpine meadows of wild flowers are part of the same country as Arabia Deserta. Mountain lion, leopard, lynx

and wolf live in these mountains. The pelts of predators shot by farmers and shepherds are among the chief evidence for their existence. Troops of baboons -- the only monkey in the Peninsula -- range the escarpment and are often seen

the coney, or hyrax. A curious mergeier ranges from Sinai to little creature, like a rabbit with Yemen, while other birds of no ears, it is the "coney of the rocks" of the Bible. Its delicate sweet flesh made it much sought after, and it is becoming very rare. Hares, foxes, and gerboas abound. The hyena, however, is seldom reported now.

have a scientific paradise in Arabia, though most laymen go in mortal fear of snakes. Yet bustard (houbara), almost exencounters with snakes are



A fine cluster of Neidi camels

FLORA AND FAUNA

ROSALIND INGRAMS

deadly horned viper, to the African cobra and the rare. beautifully marked and aptly named coluber elegantissimus; also the sinister side-winder, whose characteristic tracks in the sand make an upsetting discovery after a carefree night of camping under the stars. The monitor lizard (dhub) is a common sight in the desert, and can sometimes be seen waddling, the size of a baby in the sugs of Najd. He is more likely to be bought for his meat, than as a pet.

Chameleons lurk in the rocks of Asir, as do the striking blue agama lizards-a foot long and with no attempt at camouflage. As for the insect world: its members are legion; full-time entomologists are unable to

The birds of Arabia are still being counted too. The Peninsula lies in the path of major north-south migrations, thus the native population is always swelled by visitors.

The bird life is remarkably rich: no book has so far done it justice, though volumes are pending. Of water birds, the following

selection can be found either along the sea shores on the reservoir lakes at Abha and Jizan in the south-west, or by the sewage works, outside several big cities: flamingos, glossy ibis, hammeregrets, herons, black storks, shoveller ducks, tufted ducks, stilts and the ubiquitous

Spectacular birds of prey include many eagles: tawny eagle oy motorists.

Steppe eagle, Bonelli's eagle, mammals occurring in Asir is (Asir). The fascinating Lamburgham and the coney or home of the coney or home. prey include Egyptian and vultures, fan-tailed ravens incessantly wheeling over dizzy drops, kites, kestrels, falcons and goshawks.

There are game birds: quail, snipe, red-legged partridges, Herpetologists, of course, plovers. Lichtenstein's sand grouse, Philby's chukors, guinea fowl (rare), and the Arabian

and exotic birds, some native, some visitors, must be men-tioned: the jewel-like sunbirds; the cheerful bee-eater, both the blue-cheeked and little green varity; the Abyssinian roller, with his startling turquoise blue body; a brilliant yellow weaver bird, whose immaculately woven nests are hooked on to the branches of oasis trees like Christmas decorations; Tristram's grackles; the sweetvoiced bulbul; the crested lark, singing in the wilderness; the shrikes, inquisitive and sadistic; the hoopoo, king of the birds (according to the Persians); the little Namaqua dove, with rosy underwings, and the rare Arabian woodpecker of Asir.

Wilfred Thesiger, describing his epic crossing of the Empty Quarter more than 30 years ago, recounts how his Bedouin companions managed to bag hares, and of the wonderful prospect of eating meat after iron rations."

The fact that hares can live at all in the pitiless environanimals have made certainmetabolic adjustments, particularly in the matter of water, and need little intake, beyond their food-or they may adapt: the Arabian gazelle has even been seen to drink sea water. The white gazelle, however,

depends largely on a shrub Marine life, perhaps more whose buds hold moisture, even abundant than any other, can the balance of nature is as precarious as it is now.

bedouin—many now possess are currently being studied by pick-up vans, if not a Mercedes Sir Peter Scott, among others.

and a blessing for the environment and its wild inhabitants. The curse is plain enough paradoxically animals may have been preserved since the bedouin will no longer track them down in onsume

17.11.11

TARTE OF S

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impatssable fastnesses The range of destruction is limited to the range of the vehicle, and there is much rugged country in Arabia which is beyond even the bedouin's optimistic driving. This undoubtedly has been the salva-

tion of the ibex. The restruction of the delicately balanced environment may prove a more long-term threat to wild life and to vegetation. Quite apart from the of drawing water from natural wells in the countryside to supply the ever-swelling green wadis such Fatima near Jeddah to wither there is the abuse of the remoter water holes in

Nomad families in the past would move according to the grazing. Nowadays they stay in one place for much longer, driving to the nearest well for water for animals and family. Consequently, the land becomes over-grazed and the well over-

When the nomads depart they leave behind an exhausted area, with diminished chances of recovering its bloom after the next rains. Thus, the desert is in-creasing rather than receding as a result of mechanisation.

While the Saudi Government has a difficult social and eco-logical problem in its policy of encouraging the bedouin to settle, it has made a real concession to conservationists in its recent declaration of Jebel Souda, near Abha, as a National

The Jebel rises to 9,000 feet and covers an extensive area. Its slopes shelter not only abundant animal life, but the richest variety of plants, which

Yet the desert too, has treasures after rain. Wild irises bloom in April, in stony valleys north of Riyadh: tulips have recently been discovered high on the north face of the mountains facing Sinai, across the Gulf of Agaba.

The specacular pink blossoms Adenium, borne on grotesquely swollen. stems, spring out of the harren rock of the southern Hejaz mountains. The tenacity of plant and animal under the ferocious conditions of Arabia always astonishes:

during drought. Such a close barely be mentioned here. The dependence can be fatal when coral reels of the Red Sea are e balance of nature is as (with the Great Barrier Reef of Australia) the most extraordinary in the world. The reefs

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Veiled Saudi women, Saudi Yemenis and Europeans in a cosmopolitan street scene in the middle of Jeddah

Where would you expect to find the country with the finest internal airline network in the world? North America? Europe?

In Saudi Arabia every town is within 70 miles of a modern jet airport. And carching a plane is almost as common as catching a cab.

A Kingdom that lives this closely with air travel produces a special kind of international airline. In fact, Saudia is listed as the fastest-growing among the 107 IATA airlines with recent annual

increases in passenger traffic averaging 50%. Furthermore, the worldwide growth of Saudia's routes has been vital to Saudi Arabia's new

industries. It has made flying in the specialists, technicians and millions of kilos of essential equipment so much easier.

Small wonder that Saudia has been called the Kingdom's runway to success.



Time to remove PSBR straitjacket

trust public enterprises to a in the autumn. greater degree?" This rhetori- "Trusting" p cal question was posed by Pro- may go against the grain for fessor John Heath of the some Conservative politicians, London Business School in a who have been reared on the Government's nationalised of industry is a root cause of industry policy. It crystallises Britain's economic decline. But a far-reaching debate that is about to begin in Whitehall between the State industries. managers and their masters in the civil service and Govern-

Behind the technical grievances about cash limits and financial structures which a specially formed group of senior officials and managers is due the to start thrashing out over the nationalised industries' comnext few months, there is a mercial simple message: in order to operate more commercially, the nationalised industries need less control, and more trust."

This kind of cri de coeur has, of course, been heard from public sector managers ever since the State first began to play a serious role in commer-War II. Politicians and, par-ticularly, civil servants have traditionally resisted attempts to reduce the influence they can exercise over major industrial sectors. Nevertheless there are now signs of a willingness, at least among the politicians, to look sympatheticall yat the nationalised industries' case for new relationship with

It was after the Nationalised Industries Chairmen's Group (NICG) but its views about the present system to the Chancellor of the Exchequer last autumn that it was decided to of officials and NICG represenby Mr. Bill Ryrie, the Treasury in charge of the domestic economy, is due to Ryrie group. The nationalised meet soon. There are hopes of industries are seeking: meet soon. There are hopes of industries are seeking:—

which are genuinely facing to increase the Post ment programme with the level constructive proposals emerging annual cash limits, which kind must be in the offing.

There are hopes of industries are seeking:—

which are genuinely facing refusal to increase the Post ment programme with the level Office's cash limit by £150m, for of the rate support grant."

There are, however, two big

"CAN THE Government not public sector planning decisions

"Trusting" public enterprises recent critical lecture on the doctrine that state ownership there are other political considerations to weigh against this prejudice. There is the principle of non-intervention and the urgent need for better relations with the nationalised industries' manager. This was underlined by the recent all other financial and com-resignation of Sir William mercial obflectives. Barlow, the Post Office chair-

Government's spending plans. The Government's plans to cut public spending by £2.8bn over the next four years assume the nationalised industries! financial performances. The idea that the nationalised industries have "come of age" and will no enterprises after World longer rely on government II. Politicians and par grants and subsidies for their survival, clearly strengthens their case for demanding more freedom and trust.

successes in

At the same time, achieving reforms is more vital than ever since anxieties about government interference have been intensified by the fact that the politicians' plans for tax cuts all the nationalised industries depend critically on unreliable are curerntly treated as if they four-year forecasts of the cor-porations' borrowing require-takes priority over profitability ments. These are based on no and any discrepancies in cash more than informed guesswork forecasting are turned into lifewith a generous dose of wishful or-death crises. thinking thrown in to conform with assumptions which the Government has supplied. The establish a high-powered group corporations are horrified at the thought of being held to such

of reform to be discussed by the bargaining, except in industries mediate costs on capital goods pointed to "the nonsense of Ryrie group. The nationalised such as steel and shipbuilding, industries. The Government's confusing the airline's investing the steel and shipbuilding the siring the sirin

FINANCINE	THE	NATIONALISED	INDUST	RIES	•
: .	1979-80		1981-82	1982-83	1983-84
Total -requirement	4,250	4,400	5,000	5.050	4,900
lotal capital requirement	4.250	4,400	5,000	5,050	4,900
Overseas and market borrowing	4,250 —600	~-50	—300	-300	500
Government lending	950	150	300	-150	-550
Public dividend capital (steel)	950	550	_	_	_
Grants	1,000	800	. 700	650	650
Total external finance	2,300	1,450	700	200	-400
		Source: Govern	ment's Evens	dinus Plant 1990	R1 to 1983-84

could usher in a new era of

freedom from the constraints of

a financial system obsessed with the Public Sector Borrowing

Requirement and with public

the borrowing of £100m to

finance new telephone switch-

gear for example, in exactly

the same way as borrowing to

Both are equally endangered by the Government's crusade

to reduce the PSBR. But if

restrictions on the Post Office's

borrowing powers restrain its

investment programmes - and

and services that consumers

one of the reasons for Sir

civil servants' salaries.

The present definitions treat

spending totals.

have in recent years over-ridden

● A loosening of the restricman. Most important, there is tions on the industries' access crucial role of the to finance, which at present result in all investment programmes being funded by longterm fixed-interest debt.

> Changes in the treatment of the industries in the public accounts, aimed at separating productive investment" from spending and borrowing.

The cash limits system is the issue which generates most passion at present. As long as all other objectives are subsumed to the attainment of rigid limits on each year's external financing, set well before the beginning of the financial year, other reforms affecting longer-term planning are of little relevance. In effect all the nationalised industries

It is now widely recognised that this system, designed for controlling civil service departments with no significant nationalised industries' investmarket operations, is unsatis- ments reduce Britain's future citly recognised this point. In tatives to examine possible projections at all costs. factory. Since the last pay reforms. This group, chaired These hopes and fears bind round showed that cash limits

While cash limits are the the improvement of the telemost urgent issue, the question phone system, it will also mean of the nationalised industries' cuts and redundancies at place in the public accounts is Plessey and GEC. in some ways the most import-

If one of the objectives and interesting one. cutting public borrowing is to Although it would be in a sense, help private industry, then restricting the public entera purely cosmetic reform, the removal of the nationalised industries' borrowings from the definition of public spending

Nationalised industries account for over 20 per cent of industrial investment

prises' investment is like cutting off industry's nose to please its face, particularly as the nationalised industries account for over 20 per cent of Britain's industrial investment.

The Government can be expected to have some sympathy with the argument that a figure of public borrowing William Barlow's departure was which excluded the nationalised that they were beginning to industries' investment requirehave this effect—they have ments might have more econoexactly the same economic mic significance, particularly impact as cuts in domestic far the "supply side" of the investment by private industry. economy than the current form of the PSBR. Some ministerial speeches have already impli-Since the last pay capacity to provide the goods explaining its plans for the privatisation of British Airways,

UK: Sir Geoffrey Howe, Chancellor of the Exchequer, speaks

Sir Keith Joseph, Industry Secretary, presents national

Mr. Peter Walker, Agriculture

Department of Education state-

ment on falling secondary school

Minister, speaks at Sandwich,

competition

Accountants' Hall, London.

microelectronics

awards, London.

problems with any proposal to remove nationalised industries from the definition of public financial targets over a period borrowing. The first is that the industries do not use all their external financing for investment. Nearly half their present external financing comes in the form of government grants and subsidies. The Treasury must retain close control over the level of revenue grants. But the distinction between grants or loans to offset current losses on the one hand, and loans to finance productive investment on the other, is by no means

Controlling subsidies to the

clear-cut.

railways or the Coal Board would be pointless if they could simply borrow in order to finance their losses. A crude distinction could be made between profitable industries, which could be released from some controls and loss-makers, which would continue to be closely monitored. But the totally different market conditions under which the industries operate would make this a misleading way of sorting the sheep from the goats. To give one example, even a large profit from the gas industry could disguise a waste of resources due to underpricing, while the railways could be operating optimally in terms of resource allocation, even while receiving

large government subsidies. There is, however, a possible solution to this problem, based on the midum-term financial targets which the Government has promised to set for each industry, in the light of its market position and its economic significance.

It would be natural to base the degre of government control imposed on each industry on its track record in meeting financial targets. If British Steel, for example, consistently failed to meet targets, it would be treated as a lame duck, and locked within the same defini-There are, however, two big tions as other non-productive North Sea gas gathering pipe-direction.

parts of the public sector. line have been based on the Industries that beat their assumption that State industries

Such a system would provide an incentive for good management

of years could be regarded as productive" and taken out of the controls on public borrowing. Such a system would not only clarify the relationship between government and the industries, it would also provide an incentive for good management and good labour relations. rewarding success with more trust and less control.

The trouble even with this theoretically neat solution is that at present all nationalised industry borrowing is done through the Treasury and guaranteed by the Government. Letting the "productive" industries loose on the capital mar-kets, without Treasury supervision, would impose uncontrolled financial risks on the Government Furthermore, the absence of risk in lending to nationalised industries would distort capital markets in their favour, to the detriment of the private sector. This leads directly to the Ryrie group's other major topic—the possi-bility of devising new types of financial instruments for the public corporations.

A start has ^y already been made in discussing/alternatives to the present regime of fixedinterest borrowing. The privat-isation of some of the corpora-commercial occurrence, and not tions is, in a sense, a move towards new forms of financing. The British National Oil Corporation (BNOC) has, from its expediencey which prompts the inception, had the freedom to Government to give the state without guarantees, using its future oil revenues as collateral. Proposals for build- an deconomic sense would, for ing the Channel Tunnel and a once, be pointing in the same

would take equity shares in mixed private-public enterprises which could then raise risk capital in the markets.

But most of the nationalised industries' investments cannot be isolated as separate business propositions like the Channel Tunnel. The revenues of a telephone exchange or a single railway line cannot be identified accurately. A proposal that has been mooted in the Coal Board is to issue indexed bonds, with the index tied to the industry's

Clearly reforms in financing would have to be tentative and experimental so that each industry could develop financial instruments appropriate to its particular circumstances. Their intention would not be just to create some notional element of risk, but also to relate financing to each industry's prospective cash-flow. Again what the industries are seeking is a more permissive attitude, which would put the onus for developing new ideas on managements, rather than on Treasury officials.

Even if they are given these new freedoms, the nationalised tain of their ability to deliver by 1984, the enormous financial improvement which the Govern ment expects. But at least a loosening of the bonds between government and the nationalised industries would emphasise the fact that the failure to meet detailed cash targets set four commercial occurrence, and not a disastrous political and economic failure.

In the end it way be political corporations more freedom. It so, then political expediency

Letters to the Editor

Consumerist values

From Professor D. Myddelton Sir.-The last detailed survey have seen indicates substantial and growing support for reducing taxes and collective spending on welfare services. and instead letting individuals and families choose for themselves how to spend their own money. For instance, 54 per cent wanted to be allowed to contract out of the state health Dr. S. J. Watkins to as refers

Democrats can hardly suppose that voters cannot be trusted to manage their own affairs. And poverty can be relieved to the extent thought politically desirable, by explicit redistri-bution in each through the tax system. But how much of the nearly £2,000 per household spent annually by the state on health, education and social security represents redistribution of income? Not much. I suspect: most of it simply represents people's money being taken from them by force (in taxes), and then spent on their behalf by government bureau-

Most people could afford to pay for their own welfare services. Indeed most people are now paying for themselves. But they are not being allowed the freedom to choose for themselves. There may be no practical alternative to taxes for financing collective expenditure on defence. But surely there is no inescapable ned for health and education, any more than food and clothing, to be pro-vided or financed collectively. Separating costs from benefits what makes the welfare state

an irresponsible society.

When state monopoly enterprises are exposed to competition they often seem rapidly satisfying consumers. Over the Past hundred years and more the incentive of profit combined with the discipline of market competition has led to unprecedented improvements freedom and prosperity for all. As between compulsory state satisfy individual people? (Professor) D. R. Myddelton. Cranfield School of Management,

Cranfield, Bedford.

A meaningful class

From Mr. D. Franklin. nolicies have

Labour councils." payers of Lambeth support com- sprinkler installation to ensure passionate activities such as the safety of their premises and table tennis, kung-fu (adults), its occupants. badminton, kep fit, karate, yoga

borough, however, which even

preserve, is the meaningful class in "liquid embroidery." D. G. Franklin, 121, Kennington Road, SE11.

British cinema

From Mr. K. Turner

Sir.—There can be no doubt that Ken-Maidment and the British Film Producers Association have worked ceaselessly in Americans are better at making helping to keep open British American films. Could it be that service and 60 per cent out of studios and to secure a more state education. This desire for favourable climate for film responsibility and investment, particularly in believing that we are likely to choice is apparently terms of tax treatment (Nigel secure a greater degree of S. J. Watkins (April Andrews: British cinema: a new acceptance there than other non decade, April 21). Similarly, American films? hTe French their encouragement of overseas investment in our super- with the British appears to be be applauded.

petuates the widely held view

Water charges on sprinklers

From Mr. A. Powell Sir,—On April 21 your insurance Correspondent detailed certain information relating to water charges on sprinkler indiscriminatory charges they were imposed in April 1978 we thought that you

might be interested in industry's point of view.
On March 30 1978, we received from the NWWA a copy of the normal services charges leaflet showing charges to be effective on April 1 1978, this gave us one day's notice of amendment of charges. No particular aftention was drawn to the small print on the reverse side of the leaflet which indicated that the charge for our sprinkler system and hydrant water supply was to be increased from £18.00 p.a. to a total of £1,203 p.a. an increase to lose market share. This of 6,583 per cent As far as, we suggests that they may not be are aware there was no prior consumer consultation or notification direct to sprinkler sys-

tem owners. Although the NWWA is prepared to make available the facility and supply of water for use in case of fire to all other industrial, commercial and collectivism and voluntary domestic premises (irrespective market freedom is there really of whether the owner/occupiers any doubt which would better actually pay any water charges) completely free of direct charge, it has imposed penal charges on sprinkler installations and create da deliberate discrimination in our opinion based purely on the basis that firms with sprinkler installa-

tions cannot do without them. The effect now is that, other sprinklered premises, water for fire fighting is supplied free of direct charges so that any cost of this facility Sir,- Mr. Roy Hattersley says and supply is borne by the April 17 that "Government NWWA and recovered in the resulted in general water service charges. damage of and destruction to Owners/occupiers of sprinklered essential services which rate premises already pay the usual payers want to preserve and water services charges (includrate increases were not due to ing the element of water cost waste and extravagance by of fire fighting) and then are required to pay an extra water Not one mile from Mr. charge because they have Hattersley's home, the rate installed at their cost a because they have

The Secretary for State for the Department of the Environ-The most essential service ment has, under the Water Act recently introduced by the 1973, specific authority to "give all or any water.

that film financing is highly speculative. For too long the British conceived imitation of American films (known in the industry as "the \$8m 'B' movie syndrome") have failed consistently in the American domestic market although occasionally succeeding foreign language markets almost exclusively supplied with American imports. The obvious reason is constantly ignoredour common language with America deludes us into film industry by comparison lative technical facilities is to healthy and yet only a tiny pro-be applauded. healthy and yet only a tiny pro-portion of their annual product But the outdated belief that reaches American screens.

we should be making—and in-vesting—in films designed for lishing permanently the British the American market is a cinema in this decade lies, I

authorities directions " but in our opinion has abrogated these powers by inferring that it is not within his power to mak eany such direction in this stallations with particular reference to the Noth Western Water The V The Water Act 1945 states The undertakers shall allow Authorities charges. Since we "The undertakers shall allow have been campaigning against all persons to take water for

extinguishing fires from any pipe of the undertakers on which a hydrant is fixed, with-out charge." According to the 1945 Act, therefore, the charge raised on sprinkler installations is illegal since most sprinkler installations will "take water from a pipe on which a hydrant is fixed " and the Act does not state that the water must be taken via a hydrant. The Department of the Environment has stated that "the opinion in the water industry is that water must pass through a hydrant if it is to be taken free . . . based on the decision in a 1904 case under similar provisions in the Waterworks Clauses Act 1847." The decision of the 1904 case seems however to be quite opposite to the opinion of the water industry and failing any precedent being produced appears to confirm that the charges on sprinkler installations are illegal. The Department of the Environment has not commented on our findings

relative to the 1904 case. The present position regarding sprinkler charges appears to be that ou rcharges were £18 per annum prior to April 1, 1978; wee £1,203 per annum on April 1 1978, are to be £2,112 per annum from April 1 1980 but will be reduced to £680 per annum. If the full charges are not equitable as from April 1 1980 and are to be reduced, they were not equitable on April 1 1978 but so far there is no suggestion of a retrospective reduction. The owners/occupiers of sprinkler protected premises are not looking for a reduction in water charges on sprinkler systems; they are looking for a cancellation of the charges which cannot be considered other than deliberately discriminatory; that they be treated equitably as compared with all other users of water for fire fighting purposes and short of some evidence of legal prece-could be taken without having dence consider the charges to be dressed up in monetarist raised by the NWWA to be con- clothes.

Futura Rubber Ltd., Quarry Street Mills,

and therefore illegal.

Mr. Hattersley would want to romantic notion which only per- suggest, in Europe. This is the territory where the cinema population is supporting a (well made) film irrespective of nationality. It is notable that an indigenous British film now being produced has secured an investments rom an American major distributor in return for foreign (i.e. non-American) distribution rights leaving unsold American domestic distribution rights.

Our native industry should consider making and investing in product which first and fore most has every prospect of earning profits in Europe. Keith M. Turner, Osprey Film Dist. Ltd. 120, Pall Moll, SW1.

Monetary policy

From Professor D. Wood Sir,-In the process debunking the Cambridge Economic Policy Group forecasts (April 17), Samuel Brittain parades one of his own pe fallacies. Yes we all admit that a moderate connection can be found between change in some variant of the money supply and changes in prices two years later. So what? Such a connection provides no evidence either that particular policies intended to control the behaviour of given variant of the money supply will actually do so nor does it follow that success in controlling a chosen variant guarantees that this variant will dominate the determination of price levels—indeed the reverse

is likely to be true. The failure of Government policies to recognise these necessary connections is indeed signalled loudly and clearly by the capital markets. If policies had any credibility long term interest rates in a market which efficiently anticipates inflation would have already fallen to a fraction of short run rates, thus stimulating investment in productive assets and enhancing the long term capacity of the Far from falling though, the anti-inflation measures have increased long term rates and the Government as Mr. Brittain has pointed out by borrowing at these high nominal rates must believe that inflation at similar levels will persist. Indeed it cannot afford for it not to. If only it would say so, firms could get back to investing without worrying as they do now that they could be stranded with a crippling real

interest burden. Belief in the ex-post quantity theory is thus not enough. We could establish a far better statistical relationship between cloudiness and the level of solar energy transmission but this would scarcely justify buying solar panels, even if Sir Geoffrey was kind enough to blow at the clouds. Ultimately a policy under which roadmakers are paid not to mend potholes so we can save the cost of tar is absurd whether it is called monetarist or not. course the roadmakers could be sacked and made available for more productive work in the private sector (making shock absorbers!) but such an action

trary to the Water Act 1945 (Professor) Douglas Wood. Manchester Business School, University of Manchester. Booth Street West, Manchester.

1925

Today's Events

nnual report published.

hibition, and surface treatment
Prince Charles visits the and metal finishing exhibition annual report published. Home Office.

Banking, Insurance
Banking, Union conference, Finance Folkestone, (until April 30). Charges for dealing in traded options on the Stock Exchange

reduced to £1.50. Private funeral of Sir John Methyen, CBI director general. Construction. Mr. Edward Heath speaks at Allied Trades and Technicians oal fired ships conference, statement on effects of Governon construction ment cuts

National Society for Preven-industry. Subcontracting industries ex-

both open at NEC, Birmingham, (until May 2). Overseas: Heads of Govern-

ment of EEC summit meeting in Luxembourg. Financial Times conference of world pulp and paper, Helsinki. General Agreement on Tariffs

and Trade extraordinary session in Geneva to discuss appointment of director general. Princess Margaret visits the Philippines (until April 30). PARLIAMENTARY BUSINESS

of debate on Defence Estimates. House of Lords: Industry Bill, committee. Insurance Companies Bill, consideration of Commons amendments.

OFFICIAL STATISTICS Department of Trade issues March provisional figures for retail sales COMPANY MEETINGS

See Financial Diary Page 15. COMPANY RESULTS Final dividends: Allied Plant Group. Brooke Street Bureau of Mayfair. Energy Services and Electronics. Estates and General

Investments. Foseco Minsep. B. and I. Nathan. Nurdin and Pea-

60 years later our original idea is still paying dividends.

60 years ago we bought a dump - The Mechanical Transport Repair Depot in Slough - and transformed it into the World's first modern Industrial Estate.

We've come a long way since then but our original concept has stayed the same - to meet the specific needs of industrialists, local communities and work forces alike.

The graph illustrates how well that concept has paid off. Our Chairman, Nigel Mobbs, reports: "I am glad to report another year's record results with pre-tax profits improving by 22% from £8,228,000 to £10,070,000... Net earnings increased by 33% to £7.712 millions reflecting a 23% tax charge. As a result of new lettings, reversions and rent reviews, UK rental income increased from £12.76 millions to £15.34 millions, whilst overseas rental income was up from £4.87 millions to £5.44 millions.

Dividend. The Directors recommend the payment of a final net dividend of 1.4p per share ... an increase of 36.4% which betters the forecast improvement of 30% made at the time of the issue of 8% convertible unsecured loan

Net Assets Per Share. The property revaluation at 30th September 1979 produced an overall surplus of £142 millions which increased the current net asset value per Ordinary Share from 81p (79p diluted) as at 31st December 1978 to 184p (169p diluted) at the close of 1979.

The Future. The Group is buying new land and is maintaining prudent development momentum....In 1980 business conditions will be particularly difficult, with high interest rates likely to persist...Despite this adversity, I expect, subject to no unforeseen circumstances, to be reporting some increase in profits for 1980".

· · · · · · · · · · · · · · · · · · ·	£'000	£'000
· · · ·	1979	1978
Group profit before Tax	10,070	8,228
Texation based on Profits for the year	2 <u>35</u> 8	2,443
Profit after Tax	7,712	5,785
Minority Interest	66	(30)
Profit available for Distribution	7,778	5,755
Redemption of Preference Stock	23	22
Dividends	3,209	2,343
Added to Revenue Reserves	4,546	3,390
Earnings per Ordinary Share	5.57p	4.14p
Earnings per Ordinary Share Diluted	5.33p	4.14p

Interest and other charges on projects under construction in the UK have been capitalised in the amount of £639,000 (£607,000 in 1978). Similar expenditure overseas, amounting to £1,115,000 (£1,182,000 in 1978) has also been capitalised.

Slough Estates 60 years of development.

Slough Estates Ltd., Slough Estates House, 234 Bath Road, Slough SL14EE.

1940

1945

1935

Group and the fore!

1975

1970

and trampolining.

London & Liverpool placing 1m shares

A placing has been arranged of 1m ordinary shares at 29p per share of London and Liverpool Trust, which earlier this month agreed to purchase for shares Regent Autocar Company, a Drivate business with interests in engineering and vehicle distribution.

LLT's shares were suspended at 30p in March pending a company regulation. Dealings are expected to resume on

The placing represents about 15 per cent of LLTs enlarged share capital, and the price puts a capitalisation on the company

For the year ended March 31, 1979 the investment portfolio turned in profits of £41,000. Profits of Regent for the year ended September 30, 1979, amounted to £185,000 (£70,000) including £119,000 from the Hiatt acquisition.

The consolidated net tangible assets of the enlarged group is put at £1.06m or 17.6p per share.

The company is paying a second interim dividend of 0.7p for the year ended March 31. 1980 for a total of 0.84p on the old capital. For the current year the directors say they would pay not less than 1.4p on the increased capital if profits equated with those achieved in 1979-30.

The directors are confident that the diversified interests of the Regent Group together with the financial resources of the original company will provide a sound base for further expansion both by internal growth and by acquisition. They intend to realise the current investment portfolio of the company in due

The company chairman and chief executive is Mr. Ronald

Financial advisers are Keyser Ulimann and stockbrokers are Roy James and Birmingham. Co.,

comment

LLT is coming back to the market as a very different animal Regent, the old investment trust activities will now only account for barely a fifth of group profits. The move to enlarge the group reflects a belief that growth prospects under the old regime were extremely limited. Now LLT has taken in an engineering activity as well as a motor dealership. While these new profit centres clearly introduce much-peeded diversification, it is significant that there is no profit forecast for the enlarged group. LLT says only that dividends will be increased if profits are maintained. The prospective fully-taxed p/e is about 15 at the placing price while the yield is roughly 7 per cent—a rating 1979 at 52 per cent was only one which puts a lot of faith in point lower than a year earlier. management

Year ended 31st December

Earnings per Ordinary Share

Dividends per Ordinary Share

Scrip issue of 1 for 4

27/28 Lovat Lane London EC3R 8EB

Armitage & Bardon Hill

Airsprung
Armitage & Rhodes ...

County Cars 10.7% Pf. Deborah Ord.

Frederick Parker

Unitock Holdings Unitock Holdings New Walter Alexander W. S. Yeates

Terms (years) 3

year's scrip issue

Mr. Norman Macfarlane, Chairman, reports:

respectively were both records

Group profits and sales up 38% and 20%

Effective 25% increase in dividend following last

M. J. H. Nightingale & Co. Limited

Copies of the report and accounts

may be obtained from The Secretary,

Macfarlane Group (Clansman) Ltd.,

+ 3

† Accounts prepared under provisions of SSAP 15.

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10

years. Interest paid gross, half-yearly. Rate for deposits received not later than 2.5.80.

Interest % 14 14 14 14 14 14 14 14 14

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC

Telephone 01-621 1212

Sutcliffe Road, Glasgow G13 1AH.

Sales

Profit before Tax

Home Charm expecting record profit in 1980

RECORD SALES and profits in 1980 are forecast by Mr. H. E. BOARD MEETINGS Fogel, chairman of Home Charm, in his annual statement.

Sales since the beginning of the year, excluding new store openings, have increased by 25 per cent compared with the same period in 1979. Pre-tax profits expanded from

£2.11m to £2.79m in 1979, on substantially higher sales of £41.15m (£29.16m), as reported on April 16

The chairman says plans to open a further seven stores totalling 164,000 sq ft before the end of 1980 are well advanced. A total of £4m will be spent in opning these, of which £2m will be for completing and developing freehold properties.

Three new large stores have

been opened so far this year, including the group's largest to date at Southend-on Sea. During 1979, 15 stores were opened and some £4.76m was invested in opening and refurbish-

ing stores, net of disposals, including £1.5m in freehold land and buildings.

The current year's outcome in the wholesale and export division should show a satisfactory improvement over 1979.

Group fixed assets rose from £3.31m to £7.6m at balance date. Current assets amounted to £10.76m (£8.64m), while current liabilities and provisions totalled £10.01m (£6.08m). Bank and cash balances decreased by £1.95m (£1.10m increase) during

Meeting, Great Eastern Hotel, EC, on May 19 at 2.30 pm.

Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are besed mainly on last year's timetable.

year's timetesies.
Interim:—S. Lyles.
Finals:—Allied Plant, Brook Street
Bureau of Mayfeir, Emergy Services and
Electronics, Estates and General
Investments, Foseco Minsep, B, and I.
Nethan, Nurdin and Peacook, Sitaon ng, Waverley Cameron, York-

FUTURE DATES Hawkins and Tipson Mowlem (John) May Save & Prosper Linked Inv. Tst. May

Booker warns on steel strike

THE STEEL strike has increased costs in Booker McConnell's engineering companies, an dthe in-evitably weakened customer confidence in the divisions ability to supply has to be over-come, says Mr. Michael Caine, chairman, in his annual state-

recession will be tough, and expansion of sales will be hard

Although some of the group's business will produce higher pro-fits than in 1979, overall results will be determined by the success attained in engineering where strengthening of order books is needed - and by the progress made in improving efficiency through rationalisation in food distribution following the acquisition of Kearley and Tonge, he adds.

Pre-tax profits were ahead in 1979 at £21.79m (£21.59m), as reported on April 1, the contribution from engineering falling from £9.21m to £5.88m. On a CCA basis, group taxable profits (£15.97m).

The directors, in their review of operations, say it is already clear the performance of the engineering division will again be adversely affected by a national dispute. Although it is too early to quantify the cost of the steel strike, it has undoubtedly had a severe impact on the supply of raw materials. During last year a major operational reorganisation was

carried out in the food distribu-tion division which should substantially enhance profits from 1980 onwards, the directors say. Group net worth was up from £86m to £98.1m at the year-end. Total net borrowings increased

by £17.3m to £27.7m. A recent professional valuation UK properties shows a figure £20.6m over balance sheet value

Yearly earnings per 10p share advanced to 9.99p (3.83p) and the final dividend is 1.4p net for

A. & C. Black

A loss-making second-half for

A. and C. Black left the publish-

compared with £340,000 on mar-

ginally higher turnover of £2.32m against £2.26m. At half-time,

to £77,000.

The final dividend is cut from

3.39p to 2.79p net, which main-tains the total at 5.93p per 25p

a 1.9p (1.345p) total.

GA pessimistic about Sunlight shows expansion current prospects in U.S. to £1.31m For 1979, taxable profits of

weather in the UK this winter should produce better results in the motor and householder accounts of the General Accident Fire and Life Assurance Corporation claims Mr. Gordon R. Simpson in his first chairman's statement accompanying the 1979 report and accounts.

milder

But he warns that further in the UK continues to rise. He is also pessimistic over the

immediate prospects in the U.S. where severe competition and the inability to secure rating adjustments give cause for concern. Even so he considers that the strength of GA's American business makes the company better equipped to withstand these pressures.

Mr. Simpson points out that despite rising interest rates depressing the market values of bond portfolios in the U.S., the solvency margin at the end of 1979 at 52 per cent was only one Referring to investment policy

15.894

1,668

12.33p

4.4p

1978

£000

13,265

1,207

8.43p

4.288p

MACFARLANE GROUP

(Clansman) Limited

of the general insurance funds, Mr. Simpson reports that the largest proportion of new funds in the UK was invested in gilts, while in the U.S. new investment was orientated towards interest investments. But there was selective purchases

On long-term business Yorkshire-General total worldrating adjustments may still. wide premium income last year prove to be necessary as inflation amounted to £52.2m and the long-term fund at amounted ta increase of £34.1m. There was a upsurge of new business towards the end of 1979 and this trend is continuing.

HOPKINSONS

HOPKINSONS ing group with a sharply reduced on the basis of unaudited pre-tax profit of £65,000 for 1979, management accounts the directors of Hopkinsons Holdings expect trading profits for the against £2.26m. At half-time, year to February 1, 1980, will profits had dropped from £138,000 not be significantly less than last to £77,000. year's. In Friday's paper it was incorrectly stated that these profits would be significantly

Sunlight Service Group, laundrie and dry eleaning company, improved by £0.24m to £1.31m. Turnover rose from £15.11m to £17.28m. Mid-term profits were £459,000 (£377,000) and the directors said they expected a satisfactory increase for the full common stock.

£402.7m-an

BIDS AND DEALS **Oppenheimer denies plan** to bid for Gold Fields

Algle American Corporation and activities differ from those of De Beers Consolidated Mines the McAlpine, broadens its interest holding in Consolidated Gold Fields of London beyond 29.9 per cent the trigger point for a . mandatory offer.

A statement to this effect was made yesterday by Mr. Oppen-heimer and Lord Erroll of Hale the chairman of Gold Fields. It was a clear attempt to quell con-tinued market speculation that the ambitions of Anglo and De Beers would not be satisfied with their present combined holding of 25 per cent.

But Anglo and De Beers are seeking representation on the Gold Fields board. The statement said discussions on this

point are taking place.
Although there is no conflict between the companies negotia-tions could be difficult in the light of the pained surprise with which Gold Fields greeted the original disclosure of the South African involvement.

TheOppenheimer stake in Gold Fields was purchased through De Beers which revealed in February that it had accounti-lated a strategic holding and exposed itself as the mystery buyer apparently active since last

The manner of the share pur-chases set off investigations by the department of trade and the

stock exchange council.

Since then it has been widely thought that Mr. Oppenheimer's quickly given assurance that Alglo and De Beers would seek no change in Gold Fields management was little more than a polite formality. But the assurance was repeated in yesterday's

The tenor of the statement suggests that Mr. Oppenheimer is satisfied with the present shareholding arrangement which has cost his groups over £150m and that it will prevent any other group seeking control either of Gold Fields itself or o fits 46 per cent owned affiliate Gold

Fields of South Africa. The prospect of a full take over offer has helped hold steady the Gold Fields share price which last Friday closed at 488p. compared with a 1980 closing high of 533p and a De Beers buying price last February of 616p.

MCALPINE/PRESS

Through its subsidiary-Colguy Holdings—Sir Robert Me-Alpine and Sons has bought through the market 6.67m William Press and Son shares (5.56 per cent). This trade investment in a company, whose

South African mining groups in the construction industry. Mccontrolled by Mr. Harry Oppen-Alpine makes it clear that it has heimer will not increase their no intention of bidding for

SEC GO-AHEAD FOR MARSH/BOWRING Marsh and McLennan of the U.S.

the world's largest insurance broker, states that its registration statement filed with the Securities and Exchange Commission in connection with its proposed acquisition of C. T. Bowringfi has received clearance and has become effective. Offer documents are to be posted to shareholders Bowring as soon as possible.

CONCORD INTL.

Hongkong and Shanghai Banking Corporation is raising its holding in Concord International Group to a controlling 51 per cent. The Philadelphia National Bank is also increasing its stake to 20 per cent, through a sub-sidiary Philadelphia Interna-tional Investment Corporation. This is subject to approval of Federal Reserve authoritties.

FT Share Service

The following securities have been added to the Share Information Service appearing in the Financial Times:—
AVX Corporation (Section:

World Markets—New York).
Anglo American Gold (World Markets-South Africa). Berkeley Exploration (Oil and Gas).

Mitel Corporation Markets—Canada). National Medical Enterprises (World Markets-New York). Safeway Stores (Foods).

SPAIN	1		
15	980		pr. 25 Price
High	Low		%
228	205	Banco Bilbao	210
258	220	Barro Central	226
220	206	Banco Exterior	206
228	205	Banco Hispano	205
137	125	Banco Ind. Cat	125
175	145	Banco Madrid	146
274	239	Banco Santender	248
190	141	Banco Urquijo	141
238	209	Banco Vizcaya	216
209	200	Banco Zaragoza	200
106	83	Dragados	33
62	58	Espanola Zinc	60
59	53.2	Fecsa	58.7
40	25	Gal. Preciados	27
65.7	58.7	Hidrola	63.7
	99.7 57.5		48.2
.53	104	Petroleos	104
120			
.73	.59	Petroliber	.59
115	107	Sogefica	107 54
	_53	Telefonica	83.2
66.2	58.2	Union Elect	w.2 ·

Oil tanker UK boosts Greece trade

Commerce and Industry will send what it has described as probably its most powerful trade mision ever" on a trade promotion visit to Greece between May 4-10.

The mission, led by Lord end of last week created a Jellicoe, the chamber presitense and uncertain oil tanker dent and chairman of Tate and market, with some vessel Lyle, is anxious to redress operators reported to have what has been a steady decline forbidden their ships to enter in the UK's international comthe Gulf until the political petitiveness in the potentially lucrative Greek market.

The disruption was widely The Chamber said in a stateexpected to exaggerate still ment released at the weekend further the over-supply of tanker tonnage and deprethat the need to make a strong impact on the Greek market ciate charter rates. has never been more im-Up to Friday morning. portant." It said that the UK's share of the Greek market had

when the U.S. attempt to rescue the hostages was announced, rates in the Gulf had held generally at levels of the previous week. Tanker owners continued to resist accepting rates that did not cover current operating costs for the voyage. Charterers were unable to demand large cuts in rates.

market

tense after

Iran crisis

THE EVENTS in Iran at the

By William Hall and

atmosphere improves.

Few tankers were chartered, partly because of the continued failure of Iran to supply foreign buyers in anything but small quantities. The latest reports on Friday indicated that the USSR and her immediate neighbours would be the prime buyers of

Iranian crude oil. This is expected to affect the tanker chartering market particularly because of the likely surplus of Japanese very large crude carriers now operating between Iran and

Rates for these large tankers improved slightly at the end of the previous week and this continued into the early part of last week.

The last reported charter of a VLCC was at Worldscale 33.75, only a small decrease on the previous charter rate

The difficultiesi n the Gulf led to more active trading out of West Africa and the Mediterranean. Business out of the Caribbean and the U.S. Gulf was also active. At a conference organised

by the Greenwhich Forum last week MP Peter Goodwin of the Economist Intelligence Unit forecast that the sea-borne volume of high value cargo would rise from its current level of 100m tons a year to 300m tons a year by the year 2000. He also said that by the end of this century container ships would be carrying 80 per cent of the world's seaborne trade in manufactures.

He estimated that total sea borne trade would rise from 3,700m tonnes per annum in 1980 to 5,225m tonnes in 1990

Parkinson's Egypt visit to proceed

By Our World Trade Staff

MR. CECIL PARKINSON, the Minister for Trade, will go ahead with today's scheduled visit to Egypt which is to end May 4 despite the current Middle East crisis, a Trade Department official said at the The Minister is visiting

Egypt for talks on trade and economic matters with a view to encouraging growing com-mercial links between the UK and Egypt. During his visit, he will meet with Dr. Hamed Al Sayeh, the Egyptian Minister of Economy and Foreign Trade, other key ministers and members of the British and Egyptian business community.

He is also scheduled to be present at the breakthrough into Sinai of the Abmed Hamdi tunnel under the Suez Canal, being built by a UK/ Egyptian joint venture company involving Tarmac International and Osman Ahmed Osman.

Accompanying him will be representatives of GEC, Guin-ness Peat International and Bodycote International. UK exports to Egypt have

fallen into a deficit for the first two months of this year, with exports valued at £53m and imports worth £91m. UK exports to Egypt were worth £265m last year and £206m the year before with imports at £235m and £102m for the same period.

Leeds LS1 50D.

THE LONDON Chamber of particularly anxious to see investment opportunities and,

January 1. "It is for this reason that this mission is being under-

Mr. George Abbott, chair-

"We have been forgetting that Greece is, first of all an industrialising country which has to reach the status of an

this decilne prior to Greece's considerable entry into the EEC next themselves."

taken at the highest level," the Chamber said.

man of the chamber's Greek Committee, said Britain had been far too complacent" in treating Greece as if it was

industrialised society.

Britain begin, the reversal of by so doing, have generated business for

The chamber indicated that despite the decline in overall trade, Birtain continues to enjoy a surplus, although the value of goods exchanged is

small. Birtain's exports last year to Greece were £273m compared with £214.1m the previous continually liable to be written year, while imports rose to off as a serious trading £151.8m from £107.6m. Imports for the first two months this year were £48,000 compared with £30,000.

Among the other companies represented on the mission are British Rail, Davy Corpor-"Our competitors have suc- ation, Rio Tinto Zinc, Fisons, decreased in real terms since cessfully participated in Llewelyn-Daves Weeks, Racal the Second World War. It was numerous joint ventures and and Hawker-Siddeley.

After teething troubles the

Japanese producers have adapted well to European standards and, specifically, to

West German requirements.

Honda tried unsuccessfully in

1966, for example, to launch

the small model N-360. It

promptly re-thought its strategy

and introduced the compact Civic family car, which has been

As these trends have been

clear over the past six years, why have the West German

manufacturers been so sanguine

answer seems to be that they

about the Japanese?

doing well.

€DITS

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ACHE SHENK

J. Pr. V.C

W. GERMAN CAR MARKET

Why Japan performs so well

BY ROGER BOYES IN BONN

so well on the traditionally only 7,954 vehicles. Last year, cars. conservative West German market?

After years of little more than detached interest, West France. German car manufacturers are becoming increasingly cerned by the question.

German car market has jumped from 1.9 per cent in 1976 to 5.6 per cent last year—has been analysis by local producers, paign. There seems to have been a tendency to depend on straight been a shift away from forward explanations — the regionalised distribution and favourable yen exchange rate service networks in West for example. As a result when

In fact, as the car surge in West Germany illustrates, the Japanese moves are far from sudden and follow the careful construction of marketing infra- has trimmed the cumbersome scrupulous study of design regional states.

actually charted in the early lising and have been able to 1970s. At that time, Japan was supply their models quickly reason to accept that there is an insignificant force on the during the past four boom an in-built limit to Japanese West German market. In 1972, years when month-long waiting growth.

Soviet-Peru aid pact The Soviet Union and Peru

have signed an agreement under which the Soviet Union pledged \$300m worth of equipment and technical aid for the first stage of a hydro-electric and irriga-tion project at Olmos in northern Peru, Reuter reports from Moscow. Peruvian Finance a Press conference after the signing that the total cost of the project's first stage was around \$1bn, of which almost one-third was coming from the Boviet Union.

WHY ARE Japanese cars doing for example, Japan exported lists built up for some domestic it sold 147.868 cars, edging Italy into third place on the list and taking second place after

The sinking Yen - it fell some 30 per cent against the Deutsche mark last year - has Japan's remarkable export clearly helped improve the success—its share of the West price competitiveness

Japanese vehicles. But apart from this added bonus, the Japanese have been pursuing subjected to surprisingly little an effective development cam-In the first place, there has

service networks in West Germany to more centralised Japan suddenly surges forward and efficient operations. Toyota, on the optics or hi-fi markets for example, has invested DM there is widespread amazement 30m in a new Cologne base; which incorporates a national spares depot, an administration centre and a training school. This has allowed Toyota to speed its spares deliveries and

structure and an equally emphasis on centres in the Other manufacturers, such as The Japanese strategy was Datsun, have also been centra- 1980s.

view the car industry as a special case, unlike the West German optics, camera and the hi-fi markets, in which the Japanese appear to have been quicker at spotting a market gap and applying the relevant tech-

West German car producers estimate that the Japanese will be unable to reach much more than an 8 per cent share of the total market and that they will reach a sales peak in the mid-

But there seems to be little

World Economic Indicators

(INDUSTRIAL PRODUCTION)

		1964 A	7			er Index
		`_`-	42.77.00		previous	base
•	Mar. '80	· Feb. 780	jan. 80	Mar. 79	year	ye2r
U.S.	151.2	152.4	152.6	152:2	- 0.7	1967=700
	Feb. '80	lan. *80	Dec 79	Feb. 79		
W. Germany	121. 9	. 114.8	136.9	115.8		1970=100
Japan .	147 <i>J</i>	139.8 :.	138.T	129.3	千14.0	1975=100
U.K.	1 TO.4 .	lil.9	1125	• 1122.	7.6	1975=100
France :	735.0	135.0	135.0	130.0	+ 3.6	1970-100
	Dec 79	Nov. 79	Oct. 79	Dec. 78		p.= } =
Italy	128.7	147.4	157.0	118.6	+ 8.5	1970= 100
Holland .			123.0		- 0.8	1970= 100
Belgium	112,3	123.6	121.8	114.3		1970-100

This advertisement complies with the requirements of the Council of The Stock Exchange in London.



Canadian Imperial Bank of Commerce

Can. \$50,000,000 131/2% Debentures due May 15, 1985 Issue Price 991/2 per cent.

The following have agreed to subscribe or procure subscribers for the Debentures:

Hambros Bank Limited

CIBC Limited

Crédit Commercial de France Credit Suisse First Boston Dominion Securities Limited Dresduer Bank Kredietbank International Group Merrill Lynch International & Co. Salomon Brothers International S. G. Warburg & Co. Ltd. Wood Gundy Limited

The Council of The Stock Exchange in London has granted permission for the 50,000 Debentures of Can. \$1,000 each constituting the above issue to be admitted to the Official List, subject to the issue of the temporary Global Debenture. Interest is payable annually on 15th May, the first such payment the temporary Chopal Depender. Interest is payable annually on 15th May, 1981.

Particulars of the Debentures are available from Extel Statistical Services Limited and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 12th May, 1980, from the Brokers to the issue:

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

Strauss, Tarnbull & Co., 3 Moorgate Place, London EC2R 6HR



North British Properties Limited Incorporated in Great Britain (No. 1363219) under the Companies Acts 1948 to 1976

Rights Issue of £3,240,387 9½ per cent. Convertible Unsecured Loan Stock 1996 at £100 per cent.

The Council of The Stock Exchange has admitted the above-Stock to the Official List. Particulars of the Stock are available in the statistical service of Extel Statistical Services Limited and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and bank holidays excepted) up to and including 16th May, 1980 from:

SHEPPARDS and CHASE, Weetwood Chambars, Clements House,

P.O. Box 177, 93a Albion Street, 14-18 Gresham Street, 41 Broad Street. London EC2V 7AU. St Halier, Jessey.



Ishikawajima-Harima Heavy Industries Co. Ltd.

U.S. \$50,000,000 Guaranteed Floating Rate Notes Due 1985

For the six months April 27th, 1980 to October 27th, 1980

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 15 a per cent and that the interest payable on the relevant interest payment date, October 27th, 1980, against Coupon No. 5 will be U.S. \$77.84.

By: Morgan Guaranty Trust Company of New York, Landdn.

INTERNATIONAL BONDS

BY FRANCIS GHILES

Suffering a bout of dollar indigestion

but dealers reported virtually week at 15% per cent.

Some recent straight dollar issues, particularly those which investors feel are not of prime quality, suffered from lack of interest. This was the case with the \$75m bond for McGraw Edison. Most underwriters were allotted more than three-quarters of the bonds they had underwritten, and some a full The net result sent the issue into a six-point nosedive in early secondary market trading.

Other recent issues were also hit: the Dome Petroleum 131 per cent bond to 1992 shed more than two points to 961-97 Friday, while the 132 per cent GTE domestic U.S. ones, the good two points to 964. Of those issues still on offer, the worst affected appeared to be the Bank of Montreal-Royal Trust 134 per cent issue to 1985, which was quoted at a discount of 21-2

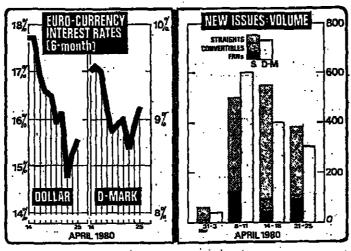
ns so well

of Commen

THE ABORTIVE U.S. attempt investors concentrated on bonds to rescue the American hostages in the shorter and medium held in Iran hit the Eurobond term maturity range, encourmarket at the end of a week aged by the sharp tall in Eurowhere, at least in the dollar dollar rates. Last Wednesday sector, growing signs of indigestion were becoming apparent.
Secondary market prices were
marked down Friday 1-1 point
the six month rate fell
12 to 142 per cent. Thursday
and Friday the rates rose again,
the six-month one finishing the

Nine dollar issues totalling \$380m were announced last week. This brings the total volume of dollar-denominated bonds floated since Easter to more than \$1.5bn. One issue launched the week before, the 10% per cent convertible bond for Nicor, was increased by \$10m to \$50m.

The two striking features of the recent batch of dollar issues remain the very large proportion of fixed interest paper and the large presence of U.S. corporate borrowers. Attracted by the lower coupons arranged, they account for \$570m of the dollar paper arranged since Easter.



since the beginning of the year. Investment Bulletin, the cost of Contrary to conventional wisdom, floating rate notes (FRN) havealso performed very well, despite the widespread conviction among many investors that U.S. interest rates had peaked and the subsequent rush to buy fixed interest paper. A steady flow of new FRN issues has come into the market, three of them during the past week alone. FRN issues on which

carrying those FRNs whose coupon fix is still some months away has been correspondingly reduced. Investors are naturally reluctant to sell notes which are currently yielding considerably more than could be earned in a corresponding deposit. The hard currency sectors

were quiet last week, at least on the trading front. However, new issues are keenly sought Sovereign borrowers have also the coupon has been recently and two Deutsche Mark issues been much more to the fore, readjusted have fared particu- were arranged, including a DM

since mid-March, 9 per cent Domestic German investors are keen buyers of foreign D-Mark bonds as they lield more than domestic ones, but according to Frankfurt dealers foreign buyers have been more to the fore of late.

The German Capital Markets Sub Committee, which met late Friday afternoon, was faced with the unenviable task of fixing the calendar of new D-Mark foreign bonds issues for the next four weeks. Last time it met a month ago it agreed on a calendar of DM 100 m, only to find market conditions improving so rapidly that DM 1.55bn worth of paper was eventually arranged.

A figure of around DM 400m is thought to have been agreed this time, although some German new issue managers point out that borrowers are in no hurry. Many of them are con-vinced that the coupons at which they can raise D-mark denomin ated bonds will continue to fall

In the Swiss franc sector, where prices last week were little changed overall, the latest issue by Caisse Nationale des Telecommunications bears a coupon of 61 per cent, sharply point in pre-market trading. not least French and Swedish larly well 250m private placement for the down on the 7 per cent paid by Monday - Wednesday when ones. The later have arranged As Citicorp International World Bank, through Deutsche Inter-Amefrican Development buying was still in evidence. SI.Ibn equivalent of Eurobonds points out in its latest weekly Bank. This issue boasis the Bank.

BY PETER MONTAGNON CREDITS

Iran shock waves shake confidence

THE SYNDICATED lending market greeted the news of President Carter's attempt to the banks on a new jumbo Euro- \$1.8bn. This move was fore. pressures cause bank loan derescue the U.S. hostages in Iran with dismay. Any escalation of Middle East tensions is bad for confidence in international banking, even though the immediate effect sfor syndicated lending are likely to be limited.

As an initial reaction Eurohankers said they were likely to be even more cautious than before in lending to Eastern Europe and the Middle East. This could accentuate the flight into quality in the syndicated loan market, with still heavier interest for borrowings by prime rated European coun-The effect on borrowers in the Far East and Latin America should not be all that significant—unless the tensions

credit promise to be tortuous, shadowed last month by Sr. especially since bankers are Hernan Oyarzabal, Venezuela's already sceptical about the debt Director of Public Debt, who figures produced by the Polish said his country would move Government at initial talks on

country. Zaire agreed with about 125 banks to reschedule about \$400m of reinforces. about \$400m of uninsured syndicated commercial bank debt over 10 years at a split spread of 14 and 2 per cent. The agreement is designed to avoid placing undue strain on Zaire, whose economic growth is contitngent on it being able to finance imports of industrial spare parts and raw materials.

said his country would move away from the pattern of short term borrowing established in the past. Citibank will coordi-Progress was, however, made nate the credit, for which Con-

> few signs at the moment of borrowers scrambling to take country has already been able advantage of lower Libor rates. to raise substantial amounts on bank lending, Amex Bank said deals with individual banks, activity in the first quarter was and does not need the addione-third below a year earlier. tional funds at present.
> Thus far barrowers have In these circumstance tended to cut back borrowing

Against this background, Venezuela is considering a could be a sharp reaction in favourable terms. Spanish rail-discussions between Poland and jumbo credit of some \$1.5bn. mid-year as payments deficit ways are raising \$160m through mand to surge.

This view is not shared by all participants in the market, has signed a \$135m, seven-year many of whom point to the credit with a spread of } per growing liquidity coming from increased banking deposits by be used to purchase aircraft, OPEC countries. In addition, and additional finance is expecdemand for credit is still ted under an Eximbank guaran-

in the past lew weeks. The In its latest review of Euro- better terms through bilateral

In these circumstances, borrowers who are in the market tensions spare parts and raw materials. or avoid pushing up spreads, it continue to be able to raise

cent throughout. Proceeds will tee. Managers are Midland and Ireland, for example, has International Banks, Williams decided against launching the and Glyns and the Bank of Nova \$300m credit mooted by banks Scotia.

Also in Spain, Iberia Airlines

U.S. INTEREST		Week to
3-month Bill		
Treas. 30-year bond	16.27 11.15	18.15 10.97
Lng-term AAA utility Lng-term AA indust.	12.00 11.63	11.63

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life Years	Coupon %	Price	Lead manager	Off yie %
U.S. DOLLARS	7	,					
‡GTE Finance NV (gt			. •	٠			
GTE Products) §American Medical Int	· 50	1987	. 7 .	131	100	Salomon Bros.	13.7
NV	50	1995	.15	8	100	S, G, Warburg	8.0
iPortland General Ele	ctric .		•	•	:		
NV (g'teed Portlai	nd :					•	
General Electric)	50	1987	6	14]	100	Dean Witter Reynolds	14.7
†Banco, Nachi, de Mei	tico . 40	1987	7	610	100	CSFB	6.34
ŚNicor O'seas Fin. NY	7		• .				
(gteed Nicor)	50	1995	15	10} .	100	Goldman Sachs	10.7
Dome Petroleum	50	1992	8.7	13 į ̇̃	99	Morgan Stanley	14.6
McGraw-Edison .	75	1985	5 .	-13 <u>}</u>	993	Goldman Sachs	13.5
Canadian Export Dev				-			
Corp.	100 :	1987	7	123	100	CSFB	12.7
†Banco Pinto & Sotto	•	-			•	•	
Mayor	30	1985	5	630	100	CSFB	6.86
SDynalectron (USA)	.15	1995	10 }	94	100	Dillon Read	9.5
Bank of Montreal-	-		-			•	
Royal Trust	50	1985 `	' 5	· 13}	100	Wood Gundy	13.2
Swedish Export Cred	lit .		:			•	
Corp.	40	1985	- 3	T2}	99 ļ	Morgan -Stanley	12.0
#George Weston .	- 30	1987	5.9	· 13 1	991	Hambros	13.6
SNCF (greed France) 50	1985	5	12	700	Continental Illinois	12.
Bilbao Intl. NV (g'ter	ed	٠.				•	
Banco de Bilbao)	50	1990	10	. 2 1 0	100	Citicorp, Banco de Bilbac	5,83
†Fujikura Cable Work (g'teed Mitsuki Ba		1987 ·	7	. 5 <u>1</u> 0	100	Yamajchi Intl. (Europe)	5.83
D-MARKS							
Longho Intl. Fin. NV	•	٠.					
(g'teed Lonrho)	60	1987	7	97	991	BHF Bank	9.5
*World Bank	250	1988	8	9	100	Deutsche Bank	9.0
							
FRENCH FRANCS Mexico	750	1985	.2	14	700	Societe Generale	14.0
		!'45	 -			Double Contract	
SWISS FRANCS	100	100/	•	7	100	Credit Suisse	7.0
*World Bank	, 100	1986 .	–	7 .	100	Credit Suisse	
*Nippon Suisan (g'tee	a ~	1985		71	100	Credit Suisse	7.3
IBJ)	30	1985	• • =	7]	10D	Banca del Gottardo	7.3
*Council of Europe	. 20	1763	_	74	100	Dance del Gottalia	
*Nichimo (g'teed Dai	wa .	1985	<u>. </u>	71	100	Handelsbank	7.2
Sank) *EIB	. 20 50	1786	• =	7	100	UBS	7.0
*EID Averland (Stand Dak		.1790	_	•			
*Kyokuyo (g'teed Dair	. 20	1985	_	71	100	Credit Suisse	7,1
Bank)	20	1703		• •			
*Hydrocarbon Bank	100	1984		7	100	Soditic	7.0
(g'teed Agip SpA) Caisse Nationale des	100	1704		•			
Telecommunication							
(g'teed France)	80	1990	· -	61	100}	SBC	6.1
							
CANADIAN DOLLA				-			
Tordom Corp. (g'tee							
Toronto Dominion	. 30	·1985	5	13 }	99]	Morgan Stanley	13.6
Bank)		.,03		,		—	
	nk - 50	1985	5	13 1	· 99‡	Hambros	. 13.6
Canadian Imperial Ba	3 0						
of Commerce				•			10.2
of Commerce GUILDERS		1047	, F	101	100	AMPA KI-TI	
of Commerce	60 -	1985	· 5	10 <u>1</u>	100	AmRo, KFTC	10.4
of Commerce GUILDERS	60	1985	10.9	9.4	100 99½	Nomura	9.7

BY DAVID LASCELLES U.S. BONDS Markets display resilience

in the credit markets is still potentially disastrous news from gathering on the horizon.

Iran on Friday that they were One is the growing fee

According to Salomon Brothers. alive. In fact, many traders the three-week rally in the were so encouraged by the bond market is "the sharpest resilience that the markets and most widespread on record" showed in the face of the However, some clouds are However, some clouds are

boldly forecasting a further that the Fed has allowed rates Rates declined across the be forced to check the decline rowing plans are also swelling board last week, bringing Fed in the days to come. Rates are fast.

ALTHOUGH it faltered for a funds close to 14 per cent and so far out of kilter (the spread moment in the second half of producing strong gains in the between CDs and the prime rate last week, the spectacular rally value of notes and bonds. has widened from 1.5 per cent to 5 per cent) that there is lot of catching up to do.

The U.S. Treasury will announce details of its quarterly financing this Wednesday, and it is expected to consist of One is the growing feeling \$7.5bn divided equally between a short- and medium-term note to fall too fast, and that it may and a long bond. Corporate bor-

FT INTERNATIONAL BOND SERVICE

		٠.	11.	•		. 11
U.S. DOLLAR				Char	nge on	:
STRAIGHTS	issued	Bid	Offer	day	week Y	Jeld.
Alcoa of Australia 10 89	- 60	86%	874	-ĕ,	-03, 1	2.45 .
Alex Howden XW 912 91	30	169	71	-0-	+3 1	5_26
Australian Res. 95e 84	30	9012	91		-04 1	
Avco .Q/S Cap. 104 87	40	79			, —14, 1	
Beneficial Fin. 94 87	100	88,*	885	- Ф,	-03, 1	<u> 2.24</u> .
CECA Grad, Rate 12 86	100 ·	924			, -01, 1	
CECA 11% 90	50 '	91		-63	+041	3.20
Canadian Pacific 91, 89	50	8712	88		-15 1	
Carter Hawley 93, 85	50	87 .			, -0% 1	
Comaico Inv. E. 10 91	40	87%			-0° 1	
Continental Gro. 94 86	100	881	887	-14	-1 1	2.41
Dome Petroleum 10 94	50	80,*	817	-1.	-11, 1	3.02
Dominion Bridge 10% 84	30	907			-0° 1	
EIB 11% 92	80	90-2			-041	
EIB 10.15 99	100 -	1801	82		-24 1 +7 1	3.21
Ekportiin 114 87	-50	94%	834	-67	_13, 1	2.33
Export Dv. Cpn. 94 84	100	90% 91%	30.	_ N1	_1\d	7.33 7.30
Export Dv. Con. 9% 84	150	847	85			2.84
Finland 9% 89	700	85	961		-15 1	
GTE Finance 9% 89	.55 .55	874			-04 1	
GMAC 94 86	100 100	947.	963	-01	+05 1	2.40
GMAC O/S Fin. 11 84		985	. 295	-13	-14.1	2.88
Gould Int. Fin. 94 85	75	85-	253.	-05	- 07, 1	2.27
ITT Antilles 91, 89 Kennecott Int. 92, 86	100	847	RSA	-14	-2° 1	3.21
Manitoba 91 89		85			-01, 1	
Michelin 10 94	125	864			-01 ₂ 12	
Nat. Des. Telecm. 92 86	- 100	887.			+0, 1	
New Brunswick 94 94	75	817	925	-1	-15 1	2.52
Newfoundland 10 94	50	874	87%	-05	-07 1	.87
Norges Komm, 97 99	100	83	8312	0	+04,1	2,50
Norway 912 84	150	924	927	-04	+047	7.97
Nova Scotia Pwr. 93 89	50	857.	85%	-04	-0-1	2.51
Occidental Fin. 104, 84	50	9072	91	0	-0 ₂ 1	
Pennwalt D/S F 9% 84	25	91	51ء	-1		2.59
Pepsico Cap. 94 84	100	914	92	-04	0 1	
Quebec Hydro 10 99	75	80,	807	-14	-11, 1	2.74
Sears Roebuck 9 82	150	934	33,	-05	-14 1	3.22
Statoil 94 89	100	85%	864	-1-	-13.1	2.24
Sweden 93, 89	100 ·	·87%			÷02-1	
Sweden 912 86	200	90	9012		+11, 1; +04, 1;	
Sweden 94 84	100	921/2			-07 12	
Unilever NV 91 87	100	8612			-0% 1	
Warner-Lambert 9 84	_100 _	897	- 05	77	ا وي	<u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>
Average price chang	185 VI	ur casany				
DEUTSCHE MARK			(Chan	ge on	
STRAIGHTS	lasued	Bid	Offer	day	WEEK Y	idid
Australia 83, 90	250	91 5	917	O_	+0%	7.02

Bid Offer day week # 10 of the part of the Asian Dev. 8k. 74 89... African Dev. 8k. 8 87 Barclays O'seas 64 89 BFCE 74 87 BrCE 73 87 100

BrCE 83 95 100

BrCE 83 95 100

Brazil 8 87 150

CECA 7 91 150

Council of Eur. 74 89 100

Denmark 74 95 100

Denmark 84 92 225

El8 72 89 200

Finland Rep. of 8 86 150

Nobe, City of 74 85 150

New Zesland 74 87 200

Norges Komm. 73 91 150

Norway 72 85 250

OKB 74 89 100

Oslo, City of 84 90 90

World Bank 75 91 400

World Bank 75 90 250

Average price changes

 VARUADE buce cues 	ges v	11 46,	- 04	411 11		- 4
SWISS FRANC					ga on	
STRAIGHTS	tesued	Bid	Offer	gay :	week	Yield
Argentina 51, 89	80	9012			+14	
Aumar 5 89	- 60	89			−2 4	
Australia 34 89		38 ⁴ a			$-o_{\overline{a}}$	
Bergen, City of 4%, 91		8814			+14	
BNDF 5 89	. 75	86			<u> ተ</u> 2ጓ	
BMW Overseas 44 91	100				-14	
Caisse Nat. Tele. 4's 89		. 90%			-0-	
CCCE 5's 90		99			+04	
Copenhagen 412 91	· · 60.	831 ²	84	-15	- 15	6.56 -
Council of Eur. 5 89	100	914	917	0_	+14	6.24
		- 86	8612	-15	-34	5.24
EIB 412 91	100	8312	84	- 13	-1-	6.11
Elet. de France 41 89	100	3Z¹,	925	-14	- 17	5.44
GZB 41 89						5.95
Hilti 412 91		891	90	-04	-04	5.49
IntAmer, Dev. 42 89	100	. 8 <u>87</u> .	864	-24	+ውኔ	6.58
Juliand Tele, 5 2 90	50	997	100	-0,7	٠.۵	5.53
Malaysia 5 89	.80	87	. 87 ³ z	· D	-04	6.87
Nippon Tel. & T. 43 89	100	9114	914	-04	-04	5.42
Nordic Bank 5 89	45	97%	- 983	+14	+6	5.28
Norges Komm. 44 91	100 ·	8674	8634	-11_2		6,04
OKB 34 91		81%	824	-04	+02	6,65
OKB 43, 91	100	861	· 867,	-03	-`თ.	8.02
OKB 6 90	100	1017	1013	0	+15	5.80
Oslo, City of 4's 91	100	86	864	-0 %	+07,	6.09
Shikoku El. Pwr. 44 89	100	- 93	937	-02	-012	5.70
Stewaag 44 91	60	90	9012	-35	~1 ⁻	5.96
Voest-Alpine 4% 89	90	. 93	9312	- 12 ₂	+04	5.72
World Bank 45 89	100	914	913			5.83
World Bank 41 89	150	22)	885	+04	+0%	6.02
World Bank 4% 91		88	887	-04	+24	6.03
ANOLIG DOUR & B St						

Avelabe brice char	1ges O	n day	- O-	on week 0	7
YEN STRAIGHTS Australia 6° 288 EIB 7° 89 Finland 5.6 83	30 20 12	Bid 86% 80 88	Offer 874 81 894 874	Change on day week	figid 0,12 0,16 9,59 0,11

				_ :				
_					Chan	ge on		_
Į	OTHER STRAIGHTS	lssued	Bid (
	Aven Fm. 104 86 CS	25	783,	79%	-07	+012	15.89	
	Bell Canada 10% 86 C\$	60	887 ₈	89.	. 0	+15	13.33 14.57	·
İ	Cr. Foncier 10's 84 CS	30	861 ₂	874	+0%	+0,5	14.57	
	Ex. Dev. Cpn. 10 84 C\$	50	89 88%				13.56 13.75	
1	Fst. Can. Inv. 10 84 C\$ Hudson Bay 1012 89 C\$	50 80					13.23	
•	Quabac 104 86 C5	. 50	87	89			13.28	
	R. Bk. Canada 10 86 CS	40	871				13.14	
	R. Bk. Canada 10 94 CS	40	815				12.87	
ŀ	Copenhagen 8% 91 EUA	20	91%				9.88	
	M. Bk., Dnmk, 9 91 EUA	25	921,		Ð	-01	9.95	
,	SOFTE 81 89 EUA	40.		841.			11.24	
	U. Bk. Nrwy. 912 90 EUA	18	967	98	0		9.92	
Ļ	Algemene Bk. 84 84 F)	75 .	961	96%	-0-	+0-	9.27	
Į .	Ned. Gasunie 81 84 Fl	50	96 ¹ 4				9.79 9.79	
	Ned. Middbk. 814 84 FI	75 100	951			+0%		
Ì	Norway 84 84 FI	100	941,				9.74	
!	Philips Lamps 84 84 Fi	75	95%				9.68	
l	Air France 11 84 FFr	120	193	94	Ď.		12.99	
i	CECA 14% 86 FFr	150	1024				13.41	
ļ	Euratom 9% 87 FFr	150	831 ₄	8414			13.43	
	Finland 11 84 FFr	80	193	94	0	+13	12.95	
	Finland 112 89 FFr	70	1897	90%	0	+14	13,34	
	Gaz de France 11 84 FFr	150	93	94 95			12.94	
	IBM France 117 84 FFr	120	†94 84ኝ	357a	0		13.49 13.85	
	Renault 92 85 FFr Saint-Gobain 92 88 FFr	100 . 130	83-	847			13.77	
	Solvay et Cie 9½ 87 FF	125	317		-04		13.98	
İ	Citigora O/S 1312 90 £	50	927				14.82	
	EIB 111, 91 E	25	867		~02	+01	73.76	
•	Finance for Ind. 13 91 £	15	977	827	0	+01	14.41	
ı	Fin. For Ind. 124 89 £	30	381 ²				14.82	
٠.	Fin. for Jnd. 141 88 £	20	977.				14.84	
	Gen. Elec. Co. 121, 89 £	50	897 _E				14.50	
٠.	Indonesia 84 91 KD	7 10	†93 †895	93 ³ ,		0	9.76 10.46	
ì	Mitsubishi 75 84 KD	12	793			õ	8.54	
i	Norges Kam. 75 89 KD Occidental 84 91 KD	"7	1901	90		õ	9.68	
	Akzo 94 87 LuxFr	. 200	90	91	ŏ		11.16	
	Euratom 8 87 LuxFr	500	851		+0%	+02	10.93	
	Euratom 94 68 Luxfr	500	96%	97 %			10.34	
	EIB 93 88 LuxFr	600	97	98	+11	+14	10.22	
Ļ	Volvo 9% 87 LuxFr	500	95%	96	+0.5	+U's	10.49	

FLOATING RATE FLOATING RATE

NOTES

Spread

Bid Offer C.dte C.cpn C.yld

Alliad Irish Bk. 5, 87... 04.

Banco di Rome Int. 6.87 04.

Bank of Iraliand 57, 89... 107.

Bank of Tokyo 57, 89... 107.

Bank of Tokyo 57, 89... 107.

Berclays O/S Inv. 5 90 04.

Borclays O/S Inv. 5 90 04.

Borclays O/S F. 89... 107.

Sque. indo Suez 57, 89 04.

Citicorp O/S F. 83... 107.

Citicorp O/S F. 83... 107.

Citicorp O/S F. 84... 107.

C. Iroth 54. 87... 107.

Co-operative Bk. 6 86... 04.

C. GEB 57. 89... 107.

Jugobanka 8 89... 107.

Jugobanka 8 89... 107.

Jugobanka 8 89... 107.

Mira. Han. O/S 57. 89... 107.

Mira. Han. O/S 57. 89... 107.

Mira. Han. O/S 57. 89... 107.

Mira. Han. O/S 57. 89... 107.

Nippon Credit 57. 87... 107.

Soc. C. d Bque. 57. 87... 107.

Soc. C. d Bque. 57. 87... 107.

Swaden 82. 91... 107.

Swaden 83. 91... 107.

Swaden 84. 91... 107.

Swaden 85... 107.

Swaden 84. 91... 107.

Swaden 84. 91... 107.

Swaden 85... 107.

Swaden 84. 91... 107.

Swaden 85... 107.

Swaden 84. 91... 107.

Swaden 85... 107.

Swaden 86... 107.

Swaden 87. 107.

Swaden 87. 91... 107.

Swaden

TVO PWI. 9 31 10-10-5		207			10,01	
Williams & Glyn 54 9	- 54	39.7	33,	14/6	10.	18,57
Bq. E. d'Alg. 44 89 Si	0-3	88,4	88°,	18/6	6,69	7.52
Avarage price char	ges.,.	On de	y D or	ספעע מ	* +07	, ,
Magneton burns a	•				•	·- :
	<u> </u>	· i	-		~-	
CONVERTIBLE BONDS	Cnv.	Cnv.				
RONDS	date	Drice	Bid	Offer	qsy	Prem
		-			-	
AGA Akt'bolag 7% 89	.10/79	†145				-10.01
Ailnomto 73, 95	. 2/80	618	91	92	~13	0,19
Alco Int. Fin. 91, 94	1/80	40	874	LEGI,	+04	. 34, 10
Asahi Optical 7 94	11/70	875				14,81
Washi Optical 1 St	. 11773	200				-0.56
Canon 64 94	. 6/ /F	. 370	3/7			
Ciba-Geigy O/S F. 4 94	9//9	10/5				5.42.
Credit Suisse 44 93	.10/79	1325				1.34
Daiei Inc. 812 94	,11/79	1020				42.38
Enserch Fin. 91, 94	7/30	30.25	101	102	-04	7,76
LPC Internetni. 8 89	9/79	23.33.	941-	-96	-1	21.76.
Meidensha Elec. 7 94	12/70	270	-01	65	+12	22.41
Meidensna Diec. / 5	16/ 77 48 MB	CUS	4187	724	-05	9.70
Mitsubishi Cp. 672-84	10//2	DCA1				
Nippon Seiko 74 94	12/78		. TUS	104	-1.7	-2.24
Nitto Elec. Ind. 6 94	. 7/79	735				2.80
Toshiba Cpn. 72 94	10/79	158				4.31
Union Bk. Switz, 5 89	2/80	125	92%	947-	+1%	-4,85
Funtsu 5 84 DM	7/79	475				14.57
Kansai Elec. 4 84 DM	4770	1225			+54	
Kangai ziec. 4 04 DM	4/18	1234			~04	
Tokyu Ld. Cp. 4 86 DM	4//9	433	/4%	193	-0.5	51.65
Uny Co. 62 85 DM	77 <i>/73</i>	70/7	314	914	+1	51.34
			_	. '	•	

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BOND	TRADE	INDEX :	AND Y	IELD						
	Mediu	m tarm	Long	term						
Арг. 25 , ,	89.52	11.22	78.75	11.65						
Арг. 18	89.12	11.22	78.50	11.66						
High '80	91.03	$\{2/1\}$	89.19	(2/1)						
Low '80	86.32	(2/4)	71.54	(29/2)						
EUROBOND TURNOVER										
(1	10minal	valus	in \$m)							
U.S. S ban	ds	Ce	del E	uroclea						

Last week .

* No information availableprevious day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier. (

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Cdte=Date next coupon becomes effective, Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day= Change on day. Cnv. date = First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Per-centage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France: Credit Lyonnais: Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg Algemene Bank Nederland NV; Pierson, Heldring and Pierson Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank: Daiwa Europe NV: Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation: Hambros Bank: IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International: Samuel Montagu and Co.; Scandinavian Bank: Strauss Turnbull and Co.; Sumitomo Finance International: S. G. Warburg and Co.; Wood

Gundy. Closing prices on April 25

ASSOCIATION OF LONDON LIMI Established 1877 PROVIDENT HOUSE 266 BISHOPSGATE LONDON EC2M 4QP

Extract from the Statement by the Chairman Mr. R. J. W. Crabbe F.I.A. on the Group Results for 1979

1979 was a significant year in our history as the funds exceeded £100 million for the first time. Our portfolio of long-term business in force was again improved by the addition of new business with a high with-profits element. In addition there was a major advance in the development of our computer systems. On the general insurance side our efforts of recent years were rewarded by a substantial increase in the con-tribution from this source to group profits.

LONG-TERM BUSINESS

New annual premiums on life assurance amounted to £2.3 million against £2.1 million the previous year, an increase of 9 per cent. Pensions business was less than the abnormally high level achieved in 1978 when the new State scheme started, the new annual premiums being fo.7 million against £1.2 million and new single premiums being £0.4 million against £0.6 million. The proportion of new annual premiums derived from with-profits business continued at the satisfactory level of 63 per cent. which was reached in 1978.

At the end of the year the long-term funds stood at £95.5 million and the investment

Reserve at £4.7 million compared with the 1978 figures of £88.8 million and £5.6 million. cash flow available was invested mainly in stock exchange securities, about two-thirds in Government Securities and one-third in equities. As a result of these operations we achieved another increase in the gross rate of interest earned on the long-term funds which rose to £8.59 per cent. compared with £7.98 per cent. in 1978. The expenses and commission during the year were £6.6 million compared with £5.6 million in the previous year. These included exceptional expenditure of some £0.4 million on the development of computer systems. An on-line computer system for new business was brought into operation towards the end of 1979 and we made major progress in our plans for a new computer-based information service with display units, covering all our policies in force, which will become operative in a few months. We therefore enter 1980 without these exceptional costs and with the prospects of the new systems assisting us to a great extent in containing unit costs.

The annual valuation carried out by the actuary revealed that the surplus emerging in 1979, including the transfer from investment reserve, totalled £3.8 million. The rates of interest assumed in the valuation of with and without profits life assurance policies were raised by 0.25 per cent., but otherwise the basis used in 1978 was effectively maintained. Reversionary bonuses were raised to record levels in the annual declaration made at the end of 1979. After providing for bonuses to policyholders and transfers to shareholders the surplus carried forward to 1980 was £0.9 million.

GENERAL INSURANCE BUSINESS

The Property and Accident account premium. income was £2.25 million compared with £2.47 million in the previous year, the premiums on the closed accounts having run down to an

a profit despite adverse weather in the first quartet and the closed accounts had little effect on 1979 as the reserves set up in 1978 had proved adequate. As a result, our actions of recent years to improve our portfolio were rewarded with an underwriting profit of £5,000 compared with a loss of £269,000 in 1978.

The Motor account premium income was £1.75 million compared with £1.82 million in the previous year. The results were affected by the bad weather of the first quarter and by the increase in V.A.T. imposed during the year. In consequence there was an underwriting loss of £95,000 compared with a profit of £7,000 in 1978. We shall continue our efforts to seek profitable areas of the motor market in which we can expand.

PROFIT AND LOSS ACCOUNT The Accounts for 1979 are, for the first time, in consolidated form, and I hope this will assist

in their interpretation.

The profits after tax of the group were £866,000 compared with £582,000 in the previous year. The profit consisted of £501,000 transferred from the long-term fund against £433,000, of £38,000 from the parent company's shareholders' fund (after charging Advance Corporation Tax) against £77,000, and of £327,000 from the sub-

sidiary company against \$12,000.

After providing for dividends for the year of £488,000, and transferring £200,000 to Investment Reserve, the retained profit in the consolidated Profit and Loss Account was increased by £178,000. The capital and reserves in the Balance Sheet, excluding long-term business, at the end of the year were 2,592,000 and the Investment Reserve was £379.000, compared with £2,614,000 and £71,000 in the previous year.

PUTURE PROSPECTS

There are three main elements which affect the profits of the Company apart from the income of the parent company's Shareholders' Fund. First the change in character of the long-term business inscituted in recent years, which resulted in 63 per cent. of new business being on with-profits terms, is providing an expanding with-profits base and gives rise to rapidly increasing transfers from divisible profits of the long-term fund. The transfers from non-divisible profits in this fund are derived in the main from the investment earnings on past profits of nondivisible business which remain in the long-term fund. Finally the general business has now achieved a balanced portfolio of direct U.K. business, and we are aiming to increase this as rapidly as is compatible with profitability. In the last few years the profits of the subsidiary company have been free of corporation tax as the result of tax losses brought forward but, assuming continuance of our present level of profit, cax will be payable from about 1981. The Directors intend to continue paying the maximum dividends out of profits each year consistent with their policy of providing solvency margins which are in their view adequate to meet the statutory requirements and other needs of the expanding business.

insignificant figure. The open accounts produced The Annual General Meeting will be held on Wednesday, 21st May, 1980, at 12 noon, in the Suffolk Room, Abercorn Rooms, Liverpool Street, London EC2P 2AN. Copies of the Report and Accounts for 1979 can be obtained from the Secretary.

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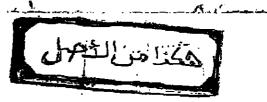
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1980 Low Stock Apr. 25 3614 2716 Columbia Gas 3714 2716 AGF Industries 2873 2814	1980 Stock Apr. 1980 Stock Apr. 25 High Low Stock 25	1980 Stock Apr. CANADA	April 25 Price 1980 April 26 Price High Low File High Low 18.6 Price H.K. 5 80 69.1 AOF Holding 78.8 15.00 9.20 Cheung Kong 12.25
1980 Low Stock Apr. 25 3614 2716 Columbia Gas 3714 3714 1516 1156 1158 1	Sig 434 Gt. Atl. Pac. Tea 454 6836 4536 Mess. Petroleum 5556 2254 1514 MGM 2254 Metromedia 6036 2214 414 Gt. West Financ'i 1714 41 2654 Minnesota MM 5214 3176 18 Grumman 23 6112 5036 Missouri Pac 5214 1518 Gulf & Western 1734 1814 734 Modern Mercho. 7726	91g 53g Schlitz Brew J. 7 120 953g Schlumberger 1051g 265g 175g SCM	April High Low Fie High Low H.K. 5
See See April 20 100	Separation	19	
85 51 Colling Alkman 610 45% 551 Grace 546g	745g 6034 Merck	38 2412 Zapata	0.957 3.26 2.07Bridge Cil 2.05 6.60 4.90 Rust Plat 5.20 795 725 0.25 14.50 11.45BHP 11.95m 2.85 2.25Sage Hidgs 2.45 725 195.1 7.40 4.52 CSR 15.2 13.50 10.25 Smith CG Sugar.10.6 74.9 0.70 0.70 0.70 0.70 1.80 Cariton & Utd. 1.83 1.90 1.40 Sorec 1.80 74.9 0.70 0.70 0.70 0.70 0.70 0.70 0.70 0.
Industr'	Apr. 23 Apr. 23 Apr. 24 Apr. 25 Apr. 25 High Low AUSTRALIA Sydney All Ord, [1988/89] (c) 4762,94 4700,94 4586,61 6880,95 (14/2) 750,95 (21/1) Metals, &Minia (1986/89) AUSTRIA AUSTRIA AUSTRIA AUSTRIA AUSTRIA AUSTRIA AUSTRIA AUSTRIA AUSTRIA AUSTRIA AUSTRIA CORGIT Aktien (21/182) 68.28 68.57 68.56 68.46 69.49 (7/1) 67.45(11/4) BELGIUM Belgian SE (51/12/85) DEJMARKE COpenhagen SE (1/1/75) T79.94 78.07 78.45 78.91 68.74 (21/1) 74.78 (6/6) FRANCE COPenhagen SE (1/1/75) GERMANY FAZ-Aktien (31/12/65) GERMANY FAZ-Aktien (31/12/65) COMMERTE AUSTRIA AUSTRIA COPENHARI C	1980	2.50

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Drink-drive law reform

BY OUR INSURANCE CORRESPONDENT

-reree OUT of four motorists 5,000. killed on the roads on Saturday killed on the roads on Saturday But as the years went by, brought before the courts. nights are found to have excess legal loopholes were found and Currently, in insurance strobol in their blood. Close on one in every two drivers in their thought that more motorists of discussion over whether teens and twenties, killed on the now drive after drinking than damages should be awarded for roads at whatever time of day did before the breathalyser rules loss of earnings for "lost years" or night, are found to have excess alchohol in their blood.

should have the power to make random tests.

.

At present, by wirtue of the 1967 Act, police powers are limited to testing motorists suspected of being under the influence. The policeman must have a reasonable degree of suspicion before stopping the

were introduced 13 years ago.

Reform of the law to allow These incontrovertible statis- random tests and perhaps to should be. tics emphasis that reform of our include other long-standing absolete trink-driving laws is recommendations. pigeon-holed long overdue. They were mensince 1974 might now well (reported in The Times on April tioned last week by the Deputy Chief Constable of Staffordshire of road fatalities by 1,000 and ways, Board (1980), 1 ALLer when advocating that police the number of serious injuries 341 are at present subject to anneal to the House of Lords, by 25,000.

The cost of these deaths and injuries, first to insurers and settle. then to the premium-paying public, is considerable. At plex and need not concern us current levels of damages, a here but if current judicial minimum of £35m to £40m views are upheld on appeal, it seems to be involved—about seems likely that the cost of the motor methal's rest fath dains will rise to the post of the motor methal's rest fath dains will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying will rise to the paying the paying will rise to the paying th annual claims payout. So all motorists have a posi-

number of fatal accident claims Currently, in insurance and then widened. It is generally legal circles, there is a deal in fatal claims and if so what the extent of those damages

> Some of the legal decisions such as Gammell v. Wilson appeal to the House of Lords. so the legal dust has yet to

5 per cent of the motor market's most fatal claims will rise substantially.

In the seven years following tive financial interest in the introduction of the then introduction of sterner drinking- a full year in the overall cost driving laws as soon as possible. of motor fatalities and this, in Some insurers are predicting This financial interest has current compensation terms, reckoned that motoring fatali- been increased in recent months may well add another £20m to ties were reduced by around by "judicial legislation" in a the bill.

This week in Parliament

COMMONS - Debate Defence Estimates. LORDS-Industry Bill, com-

mittee stage.
SELECT COMMITTEE -Treasury and Civil Service. Subject: Budget and Public Expenditure White Paper, Wit-Expenditure White Paper cmf ness: Sir Geoffrey Howe, Chan-cellor of the Exchequer. (Rm. 15, 4.15 p.m.).

TOMORROW COMMONS - Conclusion of

LORDS-Industry Bill, committee stage. Motion to approve Apple and Pear Development Council Order 1980, Import of Live Fish (England and Wales) Bill. Debate on action to prevent destruction of BBC Scottish Symphony Orchestra.

SELECT COMMITTEES-Eduvironment. · Subject: council house sales. Witnesses: Leeds city council (Rm. 16, 4.15 p.m.). WEDNESDAY

Bill completion of remaining Committee report on measures mittee,

LORDS—Debate on quality of Post Office service. Local Government Grants (Ethnic Groups) Bill, second reading. Debate on provisions which could be obtained to be obtained. enable legal aid to be obtained in care proceedings before juvenile courts.

SELECT COMMITTES-Education, Science and Arts, Subject: information, storage and retrieval in the British Library Service (Rm. 6, 10.30 a.m.). Welsh Affairs, Subject: role of Welsh Office and associated bodies in developing employment opportunities in Wales. Witnesses: TUC Wales (Rm. 16, 10.30 a.m.). Energy. Subject: Government's statement on new nuclear power programme. Wit-National Nuclear Wales. nesses: Corporation, Nuclear Power Company (Rm. 8, 10.45 s.m.). Industry and Trade. Subject: COMMONS - Employment follow-up to the Expenditure ports by Public Accounts Com-

stages. Consideration of Lords to prevent collisions and strandon Amendments to British Aeroings of noxious cargo carriers in UK waters. Witnesses: Mr. Norman Tebbit, Under Secreend of financial year. Witness: Sir Frank Copper, Permanent Under Secretary, Ministry of Defence (Rm. 16, 4 p.m.). Employment. Subject: legal immunities of trade unions and related matters. Witnesses: TUC (Rm. 15, 4.30 p.m.). Social Services: Subject: Public Expenditure on Social Services. Witnesses: Dr. Gerard Vaughan, Minister for Health, officials of the Department of Health and Social Security (Rm. 8, 4.30 p.m.). Welsh Affairs. Subject: role of Welsh Office and

> THURSDAY COMMONS-Debate on re-

Board changes at Thomson British Holdings

THOMSON BRITISH HOLDs tor and chief executive of to Mr. Brown, who remains a INGS, the principal UK sub-Thomson Regional Newspapers, non-executive director.

INGS, the principal UK subsidiary of International Thomson Regional Newspapers, indicating of International Thomson has become chairman and chief executive of that company, and lowing appointments: Mr. W. M. Mr. Sauvage remains chairman appointed to the Board of and chief executive of Thomson STEPHENS AND CARTER and been appointed joint deputy Travel. Mr. I. M. Clubb will be responsible for hire managing directors. Mr. G. C. Brunton remains managing director. Mr. Ginancial director, reporting to C. N. D. Cole and Mr. J. H. Mr. Brown. In addition, Mr. appointed financial director and tors. Mr. Cole, managing director Thomson North Sea in succession IDEAL-STANDARD. As financial ANDER HOWDEN UNDER.

corporate position in New York with parent company American Standard Inc. In his control of the

ASSURANCE COMPANY has opened a branch in Leeds with Mr. Barrie Moore as branch

Mr. Geoffrey Bannister has been appointed a director of HARRIS AND PARTNERS.

WEEK'S FINANCIAL DIARY

Babtock Industrial and El Deb. 3/spc Barlow Rand Pf. 3pc Rath 13/spcRed. 1985 5/sr

COMPANY METTINGS—
BSR Savoy Hotel, W.C. 1.1.00
City And Foreign Invest. 117. Old Broad
St. EC. 2.30
North Surrey Water, The Causeway.
Stallnes Middlesen, 11.00
Scotlis Eastern Inv. Tst. 29. Charlotte
Square, Edinburgh, 72.30
BOARD MEETINGS—
Floats

BOARD MELTINUS—
Finals:
Allied Plant
Brook Street Bureau of Mayfair
Energy Services and Electronics
Egates and General Investments
Fasco Minsep
Nathan (B. and 1.)
Nurdin and Peacock

interimit Lyle (S.) Lyle (S.) DIVIDEND & INTEREST PAYMENTS— Anglia Television A 25 Bank of Nova Scotia 35cts Canagian Imperial Bank of Commerce

Canadian imperial Bank of Commerce
45cts
Coronation Syndicars 30cts
Green (R.) Properties 0.7p
LWT A Ord 4.08569
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New Englishment 0.5895
Norfolk Capital 0.7p
North Surrey Water 3.5pc Ord. 1.75pc.
3.5pc imly. Spc; Ord. 1.75bc. 7pc Ord.
3.5pc imly. Spc; Ord. 1.75bc. 4.9pc 8 Ord.
3.5pc imly. Spc; Ord. 1.75bc. 4.9pc 8 Ord.
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Spc; 6.7pc imly. 5pc; pamers Fi 0.9pc

3-Set. 4-9pc A Grd. 2-4-Spc. 4-9pc 8 Ord. 2-4-Spc Robeto (Reg. in others names) FI 0.9 Toronto Dominion Bank 3-dcts
Twee ontein United Collectes 54.7776p Wiggins Construct 0.9-Sp TOMORROW

COMPANY MEETINGS—
Investing in Success "Equities Regis House, King William St., EC. 10-45
RetCliffs (Great Bridge, 7-S, Harborne Rd., Birmingham 3.00
Solicitors' Law Stationary Society, The SOARD MEETINGS—
Finals;

Finals;
Alpine Holdings
Alpine Holdings
Bunzi Pula and Paper
English National Investment
Gordon (Luis)
Lazard Brohers Sterling Reserve Fund

Interim:
Pochins
DIVIDEND & INTEREST PAYMENTS—
Amber Day 0.9p
Blundeil-Permoglaze 6!:pcPf. 2.27Spc
Camellia Investments 4p
Channel Islands and Intnl. Inv. Tst.
Income 30p
Cowan de Groot 10!:pcPf. 5.25pc
Gerenfelds Leisure 1.31p
Photo-Mc-Intnl. 3.15p
Walker Liames' Goldsmith and Silversmith
Ord. and NV Ord. 1p
Western Mining Corpn. 7cts
Wednesday, April 30
Western Mining Corpn. 7cts
Badulpar Yea. 12. Carlos Piace W. 3.30
CIV and Commercial Inv. Tst. 117. Old
Broad St. 2c. 12:00
Gertoad St. 2c. Carlos Piace W. 3.30
Civ and Commercial Inv. Tst. 117. Old
Broad St. 2c. 12:00
Gertoad St. 2c. Carlos Piace W. 3.30
Gertoad St. 2c. Carlos Pia Howarth Group, Crest Hotel, 12.00 Burnley 12.00

Jondon Intercontinental Tst., Hill House, Jondon Intercontinental Tst., Hill House, 1. Little New St., EC. 12.00

Mackay (Hugh), Royal County Hotel, Durham City, 12.00

Migland Bank, 20. Aldermanbury EC.

Mackay (Hugh), Hoya Durham City, 12,00 Midland Benk, 20, Ale 12,00 BOARD MEETINGS—

The following is a record of the principal business and financial engagements during the week.

The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

Ayrishire Metal Products
BAT industries.

Gerrard and National Discount Harrison (T. C.)

Red. BS-57 Sippe Red. BS-57 Sippe Jackson (William) TypeCP1. 2.625pc Red. BS-57 Sippe Jackson (William) TypeCP1. 2.625pc Red. BS-57 Sippe Jackson (William) Red. BS-57 Sippe Jacks Harrison (T. C.)
Hendersons (P. C.)
Jessel Toynbee
Smith St. AubyStarley (A. G.)
Telophone Rentals
Turriff Corporation
Whatman Reeve An

Islington 124pcRed. 83-84 Signe, 124pc Red. 88-87 Signe Jackson (William) 74pcPf. 2,825pc Johnson Matthey Deb, 34pc Kensington and Chelses 114pcRed. 85-87 5-pc Rentington and Chestel 114pcness, 85-87
5-8pc
LRC Intal, Ln. 4pc
Lamont SpcPf. 2.1 pc
Lamont SpcPf. 2.1 pc
Lathern Jamesi SpcPf. 4pc
Lathern Jamesi SpcPf. 4pc
Lathern Jamesi SpcPf. 4pc
Lathern Jamesi SpcPf. 4pc
Lathern Jamesi SpcPf. 5-2pcPf.
1.925pc
London Trust Debs. 14 P. 24c(78-83)
2-4c(83-85)pc
London Lns. 4 44Courtec DIVIDEND & INTEREST PAYMENTS— Airlox Ln. 34pc Allied Farm Foods Deb. 4pc Amatil Pr. 34pc Amber Day 104pcPf. 4.83pc Alrix La, Sapt.

Alrix La, Sapt.

Allied Farm Foods Deb. 4pc.

Amable Play 10 bpcPf. 4.83pc.

Armour Tst. La. Sapt.

Associated Dalries Deb. 34pc.

Associated Dalries Deb. 34pc.

Associated Electrical Deb. 35pc.

Aveling Barrord Deb. 35pc.

Babtock Industrial and Electrical

Deb. 35pc. 24(53-58bpc Lonno Las. 14 E 24(5-63) 24(53-58bpc Lonno Las. 44(Cov.)pc Lookers 2.45p Low and Bonsa La. Elepc Lowe (Robt. H.) 6pcPf. 2.275pc Machanie (London Las. 3% 3*pc Mackinson of Scotland TupcPf. 3.625pc Marchylei-9pcPf. 4.5pc Markey Deb. 3*ppc Massay-Ferguson La. 3*pc Menzies (John) Deb. 3*pc Menzies (John) Deb. 3*pc Menzies (John) Deb. 3*pc Menzies (John) Mayson 10pcPf. 3.5pc Miller Bayers and Nayson 10pcPf. 3.5pc Bath 11 Apr. Person
Bath and Portland Lr. 3'spc.
2.7125pc
Batiers of Yorkshire 10pcM. Spc
Batiers of Yorkshire 10pcM. Spc
Bishapsgate Tst. Deb. 3'spc
Bishapsgate Tst. Deb. 2'spc
Bistakood Hodge SpcM. 2-lpc
Bistakood Hodge SpcM. 2-lpc
Bistakood Hodge SpcM. 2-lpc
Bistakood Hodge SpcM. 2-lpc
Boulton (William) SipcM. 2-975pc
Brascan M. Class A Cav. 30cts
British-American Tobacco SpcM. 2-lpc
British-American Tobacco SpcM. 2-lpc
British-American Tobacco SpcM. 2-lpc
British-American Tobacco SpcM. 2-lpc
British-American Tobacco SpcM. 2-lpc
British-American Tobacco SpcM. 3-lpc
British-Britis Miller Rayner and Haysom 10pcPf. 3.5pc Newarth(II 54pcPf. 2.8873pc North (James) Ln. 34pc Phicom 0.55p Plessey Connectors Deb. X5ncc Phicom 0.55p
Plessey Connectors Deb. 3/apc
Portsmouth and Sunderland Newsp
SpCP1.2.8pc
Priess Marians SpCP1.2.1pc
Radio and Allied Deb. 3/apc
Rank Hovis McDougail in. 3/apc
Rank Hovis McDougail in. 3/apc
Rank Onganisation In. 5/apc
Rankome Hoffman Pollard In. 4pc
Remeick 4/apcP1.2.45pc
Rosedimond Inv. 1st 3/45pc
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Rosedimond Inv. 1st 3/45pc
Ro Holidays 2.75p Holens 11 pag 55pc Helens 11 pages 1.1 pages 1.2 pp 1.2 p Johns Dr.,
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Let. 3 Lbc. Ln. 6sc
istates Property lav. Deb. 3pc. Ln. 3 kpc
iscalibur Jewellerv 0.56p
MC 44pcPt. 2.2pc. 5.45picPt. 2.725pc
inchorn Finance Ln. 8 kpc. Westminster and Lin, 4pc
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Westmool Inv. Tst. Lin, 21pc
Whittingham (William) 4p. 71cpcPt.
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Li Beatson Clark Hallam Tower, Sheffield. 12.30 Pf. 1.75pc
Greenfields Lelsure 10pcPf. 5pc
Greenfields Property 6pcPf. 2-1pc
Hanlmex Corp. 4cts
Heinz (H.). 4 4pcPf. 1.575pc
Herbert (Alfred) Debs. 3-5pc
Herwood Williams ShcPf. 2-2pc. Deb. 3pc
Hawdon Debs. 3-3 44pc
Hadson's Bay 30cts
Hume Inst. 1st. Lns. 2-3 2-7e(B)pc
Hawdon 7pcPf. 2.45pc
ITT Distributors Deb. 3-7s 4 5.25pc
"Investmine In Success" Equities 3.85pand Jefferles Nacton

Wetnyss Investment
DIVIDEND & INTEREST PAYMENTS—
APV S.15bcPt. 1.575pc. 4.55pcPt.
2.275pc. 3.25pcPt. 2.625pc
American Medical July, Juc. 20cts
Angio American Gold Invest, 350cts
Et Omnibes Services SippcPt. 1.925pc
Bahla (S. of) SpcGoldLn. 1904 (Plan A lot, now 1100) 21-pc A American Services Described Inc. 1904 Inc. 1905 (Ch.) Specialdin. 1904 Inc. 1905 (Ch.) Specialdin. 1904 Inc. 1905 (Ch.) Specialdine Specialdine Specialdine Specialdine Specialdine Specialdine Specialdine Specialdine Specialdine Specialdine Specialdine Specialdine Special Spec . A. Cavendes Sociadad Financiera Fitte. Rate Obs. finally due 1986 SUS37_34 ameron U. W.) SpcPf. 1.75bc. 6pcPf. s Ord, and A 025p Magnetten Cpn. Notes 2716pc upc renational law. Tst. Db. 24pc strational law. Tst. Db. 24pc stratent Tst. Guernew 6.5p apton 10pcRed 1982-83 Spc 8 sharson Spc Pf. 1.75pc spc 15 (John) Props. Db. 44pcc is (John) Props. Db. 44pcc

Union Cpn. 2.7185524 Sept. Union Cpn. 2.718525 Sept. Union Intl. 7pcPt. 2.5pc Uraguar Philips. 61604 (Aspd. 8ds.) 14n Vax. 7pcPt. 2.45pc. 41.575pc. 6190A Pt. 2.275pc Warley 7pcRt. 1978-80 3 ppc Watney Mann Truman Db. 3Vapc. 24 41pc Wobster (Samuel) Dcb. 24pc Whithread 41pcPt. 1.575pc. 6pcPt. 7pcPt. 2.45pc. Deb. 24pc Witah Inv. Debs. 2 23pc Wrighton (F.) (Assoc. Cos.) 5 1.925pc Wirchton (F.) (Assoc. Cos.) 51-pcPt.
1.925pc
Youngs Brewery Deb. 3-poc
FRIDAY, MAY 2
COMPANY MERTINGS—
Barra Consolidated. Belfry Hotel, Wishaw
Sulton Coldfield. 12.00
Clarke (T.). The Savoy Hotel, WC. 12.00
Montas 12.00
Liarke (T.). The Savoy Hotel, WC. 12.00
Montas 12.00
Liarke (T.). The Savoy Hotel, WC. 12.00
Montas May. 10.00
Dilyer (Georye) (Footwear), Murrayfield
Rd. Braunstone. Lalcester 12.00
Ryan (A.). Park Hotel. Cardiff, 12.00
Spencer (Georye). Wimborne House, Bar
Lanc. Bestord, Nottingham, 12.00
Lanc. Restord, Nottingham, 12.00
BOARD MEETINGS—
Interies:
May May. Lelcester, 12.00
BOARD MEETINGS—
Interies: Patcon Succes 1 Souts
Patcon Mining and Finance Corp. 7
Hall Engrs. 1
Mondord Carting Mills 5.725p
Mondord 2.5p
Marker (4.32p
Marker (1.00mas) 0.1675p
Yule Catto 1.2p

COMPANY NOTICES

The Annual General Meeting of share-holders of Selected Risk Investments S.A. will be held at its registered office at 10. Soulevard Roosevert. Luxem-bours, at 11 o'clock z.m., on 16th May. 1980; for the purpose of considering and voting the purpose of considering and voting them the following matters: to 10. Solutered Roosever. Locemberg, at 11 o'clock z.m., on 16th May, 1980; for the purpose of considering and voting upon the following matters:

1 To accept the Directors' and Austhor's reports and to approve the financial statements for the year ended 31st December. 1979.

2 To sperowe othe appropriation of the sec profit and to declare a divident for 1979 of USSO.25, as recommended by the Board, and fix fix date of payment.

1 To discharge the Directors and the Auditor from their responsibilities for all actions taken within their mandates during the year 1979.

1 To re-eject the following Directors: Mr. E. Korner, Mr. D. L. M. Salem. Dr. R. Beur, Mr. J. R. Diworth, Dr. K. W. Grimm, Mr. F. Noogendik, Mr. E. Lofti, Mr. P. Shelbourne, Mr. J. Reignitz, Mr. P. Shelbourne, Mr. J. Reignitz, Mr. P. Shelbourne, Mr. A. W. Smithers, Pan-Hodding S.A. and additionally, to appoint Dr. W. Wirth and the Hun. David Montagu.

1

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(UZ

Dr. W. Wirth and the Hon, Dawed Montagu. \$7.500 per annum the Chairman's emolument and at \$300 per annum the chairman's emolument and at \$300 per annum each the other Directors' emoluments for 1980.

To tax the Auditor's tees for 1979 at F8 304.500 and to elect the Auditor for 1980.

To confirm the appointments and the remuneration of the Investment advisors for 1980.

To decide on any other business which may properly come before the meeting.

Each of the resolutions set out above the meeting.

Each of the resolutions are out above.

Each of the resolutions are out above.

Each of the course cast thereon at the meeting.

— the owners of registered shares need not deposit their certificates.

Shareholders who cannot attend the meeting in person are invited to send a duty completed and staned proxy form to the office of the Company: Bolte Postale 408, Lucenbourg.

No Director has purious

The Board of Directors of Roosavelt

Luxembourg, 28th April, 1980.

PERSONAL

NATIONAL CANCER CHARITY

Internationally acclaimed, sask philanthropist to provide central London elther as a gift or at pepperco rent. Approximately 8,000 square feet to house all departments.

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IN BEREAVEMENT—Send your tribute in a form that never fades—with a dona-tion to help old people in need. Help The Aged, Room FTES, 32, Dover Stret, London W1E 71Z.

TRAVEL

GENEVA, Basic, Zurich and Berne, widest choice of cheap flights from 4 UK air-ports, Brochure FALCON 03-251 2191. HERTFORDSHIRE COUNTY COUNCIL



properties for duplicates of the following interacting tests of the following the following 219 700 rupes sharest 1655-1664, 1645-1654, 1570-1574, 5795-5804, 5805-5809, 1665-1674, 8763-8772, 441-450, 4201-4210, 8259-8668, 8499-8504, 526-9301, 1995-1904, 1905-1914, 1935-1944, 1945-1954, 1965-1964, 1975-1984, 5705-6709, 7393-7402, 6687-5888, 8402-8406, 8727-5728, 7623-7632, East Hopetown Erste Company Limited (holding 174 100 rupes shares) 372-376, 2404-2448, 231-235, 324-360, 485-480, 457-440, 2314-2403, 2449-2460, 88th April 1980.

LEGAL NOTICES

(N THE MATTER OF: The Companies
(Winding-Up) Act 1977
IN THE MATTER OF: CETA SHIPPING
CO LTD, HAMILTON BERMUDA
NOTICE IS HEREBY GIVEN that the CO LTD, HAMILTON, BERMUDA
NOTICE IS HERBY GIVEN that the
Craditors of the above named Company,
which is being voluntarily wound up,
are required, on or before the Ninth
ray of May 1980 being the day for
that purpose fixed by Mr. Bruna Boesch
and Mr. Harold Arthur, Joint Liquidators, to send their tull Christian and
Surnames, their addresses and the
names and addresses of their solicitors
(if any) to the undersigned at Measra
Evans Dodd & Summerton, 5 Belfour
Place, Mount Street, London WIY 5RG,
and if so required by notice in writing
from the said Join Liquidators and
personally or by their solicitors, to
come in and prove their debts or
claims at such time and place as shell
be specified in such notice, or in
default thereof they will be excluded
from the benefit of any distribution
made before such debts are proved.
Dated the 14th day of April 1980,
Evans Dodd & Summerton
Solicitors to the above-named
Joint Liquidators

PUBLIC NOTICES

(CORRECTED NOTICE)
91-day 8ills based 2.4.80, due
\$1.65½ . Applications totalied
Total potstanding 56m.
CITY OF EDINBURGH
BISTRICT COUNCIL
91-day 8ills based 25.4.80, due
18.16½% Total tender 512m.

TRAVEL

********* **BON APPETIT ON** THE OPAL COAST

For a free copy of this invaluable booklet on restaurants within 35 miles of Boulogne together with our OPEN BOAD brochuse on motoring hundry across the channel, phone or write to:—

TIME OFF. 2a Chester Close. London SW1X 7BQ. 81-235 8070 ````

DE BEERS CONSOLIDATED MINES LIMITED

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

CONSOLIDATED GOLD FIELDS LIMITED

Joint Announcement

Discussions have been held between De Beers Consolidated Mines Limited (De Beers) and Anglo American Corporation of South Africa Limited (AAC) on the one hand and Consolidated. Gold Fields Limited (CGF) on the other following the purchase by De Beers and AAC of approximately 25% of the equity of CGF.

The following statement is issued jointly by Mr. H. F. Oppenheimer, Chairman of De Beers and AAC and The Rt. Hon. the Lord Erroll of Hale, Chairman of CGF for the information of the shareholders of the three companies concerned: De Beers and AAC have made it clear that there is no

immediate intention on their behalf or of any of their associates to increase their existing holding and that in any case it would not be their intention to increase their combined holding in CGF beyond 29.9% in the future.

De Beers and AAC have repeated the assurance given at the time the acquisition of the holding was announced that there is no intention to use the holding to bring about any change in the control or management of CGF.

De Beers, AAC and CGF believe it is in their interests to maintain a fully competitive situation in the mining industry in the Republic of South Africa and elsewhere. However, they will, where appropriate, seek to co-operate to the mutual advantage of all shareholders.

This statement provides the context within which discussions continue on appropriate board representation and details will be announced in due course.

H. F. Oppenheimer Chairman of De Beers Consolidated Mines Limited and of Anglo American Corporation of South Africa Limited

The Rt. Hon. the Lord Erroll of Hale Chairman of Consolidated Gold Fields Limited

28th April, 1980.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. (It does not constitute an invitation to subscribe for or purchase any stock).

GUEST KEEN AND NETTLEFOLDS (U.K.) LIMITED (incorporated in England Registered No. 984980).

£782,685 6 per cent. Guaranteed Debenture Stock 1984/89 £1.520.604 7¼ per cent. Guaranteed Debenture Stock 1987/92

£1.206.101.10% per cent. Guaranteed Debenture Stock 1992/97 The above mentioned Debenture Stocks have been issued in exchange for Debenture Stocks of Sheepbridge Engineering Limited.

mentioned Debenture Stocks. Full particulars are available in the Extel Statistical Service. Copies may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 12th May, 1980; from

The Council of The Stock Exchange has admitted to the Official List the above

Morgan Grenfell & Co. Limited, 23, Great Winchester Street, London EC2P 2AX

Rowe & Pitman, City-Gate House. 39-45, Finsbury Square, London EC2ALJA

BUSINESSMAN'S DIARY UK TRADE FAIRS AND EXHIBITIONS

Current Subcontracting Industries—SUBCON (01-486 1951)
(until May 2)

Current International Machine Tool Exhibition—MACH80
(01-402 6674) (until May 2)

Apr. 28—May 3 . International Food and Wine Exhibition (06284 Apr. 28—May 3 . International Food 2442)

Apr. 28—May 1 ... Audio Visual Exhibition (01-688 7788)

May 2—5 Spring Motor Cycle Show (04866 74987)

May 2—6 Boat Show (0272 657783)

May 3—5 National Collectors Exhibition (01-629 4917)

May 6—14 International Philatelic Exhibition (01-835 12 Amateur Radio Exhibition (01-837 8688) May 9-10 British Craft Trade Fair (0282 867153)
Confectionery, Tobacco and Newsagents' Exhibition (0428 52785) May 11—13 May 11—14 *----(0428 52785)
Wholesale Buyers' (Spring) Gifts Fair (01-855 9201)
International Heating Ventilating and Air Conditioning Exhibition (021 705 6707)
Self-Service Display Equipment and Shopfitting Exhibition—SHOPEXINT (01-540 1101)
Chelsea Flower Show May 11—14 May 19—23 May 18--22 NEC, Birmingham

International Materials Handling (021-705 6707) OVERSEAS TRADE FAIRS AND Apr. 29-May 2... Biochemical and Instrumental Analysis Exhibition

(ANALYTICA) (01-486 1951)
'Salon International du Textile (01-584 8827) Compec Europe Exhibition (01-261 8000) Scandinavian Furniture Show (01-540 1101) International Trade Fair for Optometry-OPTICA (01-409 0956) International Tyre Dealers, Vulcanizers and Re-treaders Trade Fair Industrial Equipment Exhibition.
Mint Directors Conference and Exhibition (01-486

May 17—21 May 19—21 May 20-23 May 26-30 International Petroleum Exhibition—PETROTECH
International Rubber and Plastics Exhibition (021-705 6707)
Petroleum and Marine Environment International May 27-30

Conference and Exhibition
Reprographics Exhibition—REPROGRAPHICS 80
International Carpet and Floor Coverings International Carpet and Exhibition (01-439 3964) June 9-14 June 9-13 BIAM-International Machine Tool Exhibition International Advertising Market-IAM (01 499 Paris Educational Equipment Exhibition—VISODATA Munich (01-486 1951)

Advanced Communications Exhibition—EURO Copenhagen
COMM 80 (01-540 1101)
Solar Energy Exhibition Genoa June 19-22 BUSINESS AND MANAGEMENT CONFERENCES

FT: City course (01-621 1355) (until June 26) FT Conference: World Pulp and Paper Conference: (01-821 1355)

IPM: London Personnel Management Conference

Oyez-IBC: The Measurement of Bulk Liquids at Low Temperatures (01-242-2481)
CCC: Directors' Duties and Liabilities under New
Company Legislation (01-222 6362) AMR International: Managing People for Maximum Performance (01-262 2732)
FT Conference: World Electronics—Strategies for May 5—7 Success (01-621 1355) Compower: The Computer in Personnel Work (Cannock 2511)

IPS: Transportation and the Supply Function Мау 7 (Ascot 23711) Wyatt Harris Graham: International Employee May 7 Benefits and Compensation in the 1980s (01-222 8033) Accountancy Study Centre: Inflation Accounting-

The New Standard (01-222 2179) May 8-9 AMD Legal: Essential Management Law-(07535 56047) Seminars International: International Conference May 8-9 ...

May 6-8

May 18-23

May 19-20

May 21-23

May 20—21

on Managing Foreign Exchange Risk (01-434 University of Bradford' Management: Innovation May-11-16 and Market Success (Bradford 491773) Kepner Tregoe: Decision Making For Senior Management (0628 38083) CEI: International Marketing Seminar May 12-16 May 12—13 May 14—15 Crown Eagle Communications: Investing in U.S. Real Estate (01-636 0617)

May 15 CCC: Charges, Receiverships and Liquidation (01-222 6362) Oyez—IBC: East-West Trade 1980 (01-242 2481)
University of Bradford Management: Export
Marketing (Bradford 42299)
Robert S. First: Hospital Supplies in Europe International Advertising Association: 27th World May 19

Underwriting the U.S. Market

Congress (01-821 0509)
Oyez: IBC Control in Computerised Accounting
Systems (01-242 2481) Robert Daum and Associates: Understanding and

Interins C. Group

M. and C. Group

Westward Television

Westward Television

Alien Harvey and Ross 11.5p

Assistan Clark 5.4p

Black (Peter) 1.47p

Ducdie Steels 2.1187p

Falcon Mines 150cts

General Mining and Finance Corp. 75ct

Mail Fanon 3.79 NEC, Birmingham NEC, Birmingham Exhibition Centre, Leeds Wembley Conference Centre Bingley Halls, Birmingham Exhibition Centre, Bristol Kensington Town Hall Alexandra Palace Harrogate New Horticultural Hall, Olympia NEC. Birmingham

EXHIBITIONS Munich

Casablanca Brussels Copenhagen Cologne

Utrecht

Paris

Waldorf Hotel, WC2

Royal Lancaster Hotel, W2 Grosvenor Hotel, WI Monte Carlo

Codsall, Nr. Wolverhampton Royal Lancaster Hotel, W2

Royal Lancaster Hotel, W2 Bowater Conference Centre

The Rainbow Suite, W8 Royal Horseguards Hotel, SW1

Copenhagen Heaton Mount, Bradford King's Head Hotel. Loughborough Carlton Tower, SWI

Hotel Inter-Continental, W1 Quaglino's Hotel, SW1 Heaton Mount, Bradford

Durban Inn on the Park, W1 Doral Country Club, Florida

PENDING DIVIDENDS and Markets INTL. COMPANIES & FINANCE

Sandvik predicts flat earnings

Sandvik, the Swedish cemented carbide and steel group, to raise prices as fast as costs, according This will result in 1980 earn- reduce its share of turnover reachedo SKr 603m (\$139m).

The annual report also predicts average annual sales increases of 14 per cent during 1980-83, of which half will con-report states. sist of higher volume. This pre-

which is one of the dominant

solidated profits rose about 30

per cent last year to some

group's takeover offer docu-

ment for the minority interests

already has the controlling

stake. For this year, Lafarge

is forecasting a similar 30 per

cent increase in profits to about

Upturn at

Canadian

papermaker

in first quarter earnings.

By Robert Gibbens in Montreal

CONSOLIDATED - BATHURST.

the major Canadian pulp and

subsidiary and the packaging

group, and continuing good

FFr 285m (\$67m).

HIGHER VOLUME and better In 1979, sales climbed 23 per in 1978 to 12.2 per cent last year, the figure for the steel division productivity will partly com-cent to SKr 6.64bn (\$1.53bn), will improve as cemented rose from 4 to 6.3 per cent. pensate for the inability of including 9 per cent volume carbides—which accounted for increases.

will move up from 51 to about share of turnover, and as the to the group's annual report. 55 per cent of sales, steel will relative siz of group stocks falls. ings "in the same range" as from 29 to 25 per cent and the 8-10 per cent of sales to 7-8 per in 1979, when pre-tax profit saws and tools and the conveyer divisions will together retain finincing during 1983 will aver- European countries. Sandvik's their 20 per cent share. Produc. age 85 per cent, the report market shares for cutting tools tion volume outside Sweden will predicts. rise from 35 to 45 per cent, the

supposes larger market shares. which rose from 11.2 per cent capital of 18.3 per cent, while bides at Coventry in the UK.

Lafarge sees continued growth

LAFARGE the major French it believes that substantial new recently joined with Lone Star

cement and concrete group investments are needed in the of the U.S. in the construction

of the companies before going

ahead with the necessary cash

injection and reorganisation.

per cent of this total was made

in the cement division, which is reckoned to have about 36 per

In Canada, the group has a

cent of the French market.

compared

It wants total control

international companies in its panies—plaster, prefabricated present activities. sector, estimates that its con- plaster products and refrac. The other m

The estimate is given in the Lafarge's turnover last year was roup's takeover offer docuin the region of FFr 7bn

in three companies in which it FFr 6.5bn in 1978. About 46

(\$1.7bn)

90 per cent of group pre-tax By 1983, cemented carbides earnings in 1979 increase their

Investments will decline from cent and the degree of self-

Last year, the cemented carbide division had a virtually un-The return on working capital, changed return on total working

The other main part of

Lafarge's activity is in con-

crete and gravels, where its policy in the last few years has

been to bring together comple-

mentary activities to integrate

All the group's operational

concrete production.

Alleg man
Banks...May 16
Banks....May 21
Avon Rubber...May 21
Avon Rubber...May 23
BBOC Intl.May 23
BTL 1.9
Bank of
Ireland ...May 14
Enel 11.0

*Bank of Ireland...May 14 Final 11.0
BassMay 20 Int. 2.1
BeechamMay 24 Final 12.075
BerecMay 25 Final 3.581
BootsMay 26 Final 3.5
*British Home Stores...May 12 Final 3.9

Sugar...May 8 km. 1.815
*Brixton Est. ...May 7 Final 0.93
Brockhouse ...May 23 Int. 2.0

Brown (Matthew) ... May 17 Int. 1.25

Forshaw...May 17 Final 1.83

ean Fernes...May 8 Final 1.98

Eastern Produce...May 30 Z80'S lentil

Exchange Telegraph...May 24 Final 4.0335

Minsep...Apr. 28 Final 3.0 French Kielr ...May 14 Final 1.1 Gerrard and Nat. Dis...Apr. 30 Final 5.124

Greenall
Whitley...May 25 Final 6.519

Theil (Metthew)...May 7 Final due Heath (C.E.)...May 16 Final 3.8 Hoveringham May 29 Final 1.625 ICLMay 29 Int. 3.5

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

| 100p | F.P. | - | 101 | 98 | Edwards (L.C.) 8% Conw. Red. Cum. Prof 101 | -- | 2/9 | 112 | 104 | Globe inv 1st 112% Conv Uns in 90-95 | 10512 | -- | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 | 10512 |

"RIGHTS" OFFERS

BASE LENDING RATES

Allied Irish Bank

Arbuthnot Latham

Associates Cap. Corp. 17 Banco de Bilbao 17

Bank of Credit & Cree. 17

Bank of Cyprus 17 %
Bank of N.S.W. 17 %
Banque Belge Ltd. ... 17 %
Banque du Rhoue et de

la Tamise S.A. 171%

Cayzer Ltd. 17

Co-operative Bank*17 %

Corinthian Secs. 17 The Cyprus Popular Bk. 17

Duncan Lawrie 17

Cedar Holdings 17 ☐ Charterhouse Japhet... 17

17 % 🗆 Hambros Bank...

Edward Manson & Co. 18

Midland Bank 17 Samuel Montagu 17
Morgan Grenfell 17
National Westminster 17

Norwich General Trust 17

P. S. Refson & Co. ... 17 Rossminster 17 Rvl. Bk. Canada (Ldn.) 17 Schlesinger Limited ... 17

E. S. Schwab 17 Security Trust Co. Ltd. 18

Standard Chartered ... 17

Trade Dev. Bank 17 Trustee Savings Bank 17 Twentieth Century Bk. 17 % United Bank of Kuwait 17 %

Whiteaway Laidlaw ... 171% Williams & Glyn's 17 % Wintrust Secs Ltd. ... 17 % Yorkshire Bank 17 %

Keyser Ullmann Knowsley & Co. Ltd...

Langris Trust Ltd......

Lloyds Bank

Final 7.143 Int. 10 cents Int. 4.0

Wilmen...May 23 Final due
*Leing (J.)May 6 Final 1.5
*Laind Group ...May 3 Final 1.52
Land Secs. ...May 36 Final 5
*Lloyds and

*Mothercare ...May 6 Final 2.156
*Mowlem (J.)...May 1 Final 5.808
*NewarthillMay 7 Final 3.542
Phillips'May 8 Final 3.542

Prop of
Hays Wherf ...May 31 Int. 1.72
RNMMay 16 Int. 1.452
Rnsme. Hoffmin.
Pollerd...May 18 Int. 1.44
ReadloutMay 18 Final 5
Read Int.May 30 Finel 1.244
*Royal 8k.

*Royal Sk.
of Scottland...May 8 first 1.52
Sainsbury (J.) May 9 Final 4.85
SeatsMay 9 Final 0.94
SerckMay 11 int 2.2
*TistenceApr. 28 Final 6.065
*TistenceApr. 29 Final 6.234

Trafalgar Hse. May 15 Int. 2.11 UDSMay 14 Final 3.345

Breweries...May 9 Int. 1.842 Whitbread ...May 15 Final 3.477

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Olosing prices pt

*Wolv. & Dadley Brews... May 30 Int. 2.5

Assets...May 30Final 2.3

Lamps...May 8 Final dus

London and

Scottish...May 15 Int. 1.87

Northern May 9 Final 2.1

Denny...May 9. Final 1.968

Cutting tools accounted for most of last year's 25 per cent rise in comented carbide sales. The U.S. car industry needed to re-tool for smaller models, and there was also good growth in Sweden and major Western rose markedly in Mexico and Japan. During 1979, Sandvik built a new central research laboratory for cemented car-

Sharp rise in profits

By Our Financial Staff

Japanese manufacturer power tools, raised its consolidated net profits by 81 per cent in the year to February 20 to a record Y6.16bn (\$24.7m), from Y3.41bn in the previous

Sales outside Japan increased the previous year,

Domestic sales were up 10.7 per cent to Y31.38on.

Braniff reports heavy loss

formance on the 104 per cent effects of fare increases are felt. The result follows a severe

\$51.4m deficit put it in the red

It is hard to believe that if Friday's events in Iran had occured in January the gold market

Ampol Exploration lifts payment on higher income

sectors covered by the com- of a new factory to add to its

BY JAMES FORTH IN SYDNEY

AMPOL EXPLORATION, the paper, timber and packaging 67 per cent-owned, listed oil group, reports a stong increase exploration and development arm of Ampol Petroleum, raised First quarter earnings were its earnings by 44.5 per cent, from A\$3.73m to A\$5.30m C\$31.4m (US\$26.6m) or C\$1.39 a share, against C\$19.2m or (US\$5.9m), in the half-year to March 31. The result is only C\$0.82 a year earlier on sales of C\$339m against C\$279m. A\$1.5m less than the full year The company, which is con-trolled by Power Corporation of record profit of A\$6.9m achieved in 1978. The directors have raised the interim dividend from 3.75 cents a share to 5 Canada and in which Associated Newspapers has a 12 per cent stake, forecast a significant imcents. Last year the company provement for its glass bottle

paid a final of 3.75 cents. Sales of crude oil from undertaking seis Barrow Island dipped 1.17m coast of China.

barrels to 4.96m barrels in the half-year, but turnover, including the Government crude oil levy, rose 33 per cent from A\$12.8m to A\$17m (US\$18.7m). Excluding the levy, revenue was up 38 per cent, from A\$7.4m to A\$10.2m.

The directors said that while the exploration programme in Western Australia was main-tained in the period, the com-pany expanded its exploration in the Arafura Sea and the Gulf of Carpentaria as well as undertaking seismic work off the

41.1 per cent to Y30bn, to account for 48.9 per cent of all sales, against 42.9 per cent in

setback in the final quarter

CURRENCIES, MONEY and GOLD

Gold takes it calmly

BULLION AND foreign exchange in to prevent any sharp reaction, interest in markets reacted predictably to but there was no sign of heavy recently shown s news of the abortive rescue pressure on the dollar. The ing a steady mar attempt of the U.S. hostages in need for further clarification of lower \$500 area. Friday morning, \$37% higher than the Thursday morning fix, \$29\frac{1}{2} higher than the previous London close, and \$23\frac{1}{2} higher than the previous New York At the same time the dollar weakened against other major currencies in very nervous

Iran. Gold was fixed at \$552 the operation and the difficulty In early April gold of assessing all the possible implications led to a stunned inactivity rather than any hysterical

Gold already had a fairly firm undertone before the news about the rescus mission brke from Washington. Threats from the Iranian Foreign Minister to cut off all oil supplies from the Gulf West renewed buying

trading, with quotations on very wide dealing spreads.

Central	banks	quickly	stepped	to	the
GOLD	•				
			April 25 ·	_	

l '	•	1 -	
Go	ld Bullion (fine o	unce)	
Close	(£2401 ₂ -2423 ₄) (£2401 ₂ -2423 ₄) (£2421 ₄ -424) (£241,568)	\$520-525 \$511-516 \$514,25 \$515,70	(£2291g-2311q) (£22614-2281g) (£226_962) (£228,085)
	Gold Coins		
Krugerrand	(£248-252) (£341-246) (£60-63) (£71-73) (£71-73)	\$539-543 \$515-525 \$153-1-136 \$150-163 \$160-163 \$135-139 \$6-6-652 \$516-521 \$632-640	(£237-2401 ₂) (£297-232) (£55-60) (£70-72) (£70-72)

April 25	Day's Spread	Close	One month	% D.S.	Three months	р.
				_ -		
U.S.	2.2670-2.2950	2.2755-2.2765	0,18-0.08c pm		0.45-0.35 pm	G.
Canada	2.8740-2.7050	2,6910-2. 69 20	0.33-0.23c pm		1.03-0.93 pm	1.
Nethind.	4.54-4.59	4.55-4.56	33-23c pm	7.57	84-74 pm	6.
Belgium	65.90-66.50	66.10-66.20	2c pm-8 dis	-0.54	4 pm-6 dis	-0,
Denmark	12.90-13.02	12.921-12.931-				-2
reland	1,1090-1,1150	1.1135-1.1145	0.11-0.08p pm	0.91	0.40-0.35 pm	1.
W. Ger.	4.11-4.16	4.13-4.14	31-21-pt pm		812-772 pm	7.
Portugal	112:40-113.50	112.85-113.05	5c pm-40 dis			~Ž)
Spain	159.30-161.35	160,60-160,70	34-73c dis			<u>-3.</u>
	1931-1942	1932-1933	3-1ilre pm		2%-3 pm	0.
taly		17.314-17.324			101-91 pm	9.
Norway	11.31-11.37				10-9 pm	3.
France	9.60-9.68	9.621 2 9.6312	4-3c pm			3.
Sweden	9.70-9.80	9.723-9.733	312-112ore pm		91-71 pm	3. 3. 3. 3.
Japan	555-563	557-558	3.00-2.55y pm		5.80-5.25 pm	3.
Austria	29,3 0-29.60	29,42-29.47	19-17gro pm		56-49 pm	7.
Switz.	3.83-3.872	3.85 ⁻ -3.86 ⁻ 2	372-276C pm		10-9 pm	9.
Be	loian rate la fi	or conventible :	francs. Financia	il franc	67.50-67.50.	
Six	-month forwer	d dollar 0.92-i	0.82c om. 12-m	onth 1.	80-1.70с рта.	

Spread	Close	One month	p.a.	Three months	p.a
2.2670-2.2950	2.2755-2.2765	0,18-0.08c pm			0.7
2.8740-2.7050	2,6910-2,6920	0.33-0.23c pm			1.4
4.54-4.59	4.55-4.56	33-23c pm	7.57	8½-7½ pm	6.6
65.90-66.50	66.10-66.20	2c pm-8 dis	-0.54	4 pm-6 dis	-0.0
12.90-13.02	12.921-12.931-	21-37-ore dis	-2.84	7-81 ₂ dis	-2.4
	1.1135-1.1145	0.11-0.06p pm	0.91	0.40-0.35 pm	1.3
4.11-4.18	4.13-4.14	31-21-pf pm			7.7
		5c pm-40 dis	-1.86	15-135 dis	-2.6
			4.00	120-175 dis	-3.6
			1.24		0.3
					3.5
					3.9
					3.3
					3.9
					7.1
					9.8
0.03~3.07 Z	- 000 -0.00 Z				
month forward	d dollar 0.92-0).\$2c pm. 12-m	onth 1	80-1.70c pm.	
	2.8740-2.7050 4.54-4.59 65.90-66.50 12.90-13.02 1.1090-1.1150 4.11-4.18 112:40-113.50 159.30-161.35 1931-1942 11.31-11.37 9.60-9.68 9.70-9.80 555-563 29.30-29.60 3.83-3.674 igin rate is fo	2.6740-2.7050	2.6740-2.7050 2.6910-2.6920 0.33-0.23c pm 4.54-4.59 4.55-4.56 3½-2½-2.93½ 2.591-3.60 2.00-13.02 12.92½-12.93½ 2½-3½-2½-13.05 11.090-1.1160 1.115-1.1145 4.13-4.14 5.114-4.16 4.13-4.14 5.112-40-113.50 162.60-160.70 3½-2½-pf pm 5193.1-1942 1932-1933 3-1lire pm 11.31-11.37 13.3½-11.32½ 4½-3½-0re pm 9.62½-9.63½ 3.00-2.55y pm 9.72½-2.73½ 3.00-2.55y pm 19.77gro pm 3.53-3.87½ 3.85½-3.86% 3.72½-0 pm 19.77gro pm 3.53-3.87½ 3.85½-3.86% 3.72½-0 pm 19.77gro pm 3.53-3.87½ 3.85½-3.86% 3.72½-0 pm 19.77gro pm 19.77gro pm 3.53-3.87½ 3.85½-3.86% 3.72½-0 pm 19.77gro pm 19.77gro pm 3.53-3.87½ 3.85½-3.86% 3.72½-0 pm 19.77gro pm 19.7	2.8740-2.7050	2.8740-2.7050 2.8910-2.6920 0.33-0.23c pm 4.54.59 4.59 4.59 4.59 4.59 4.59 4.59 4

THE POUND SPOT AND FORWARD

	Day's	~	^	%	Титее	•
April 25	Spread	Ciose	One month	p.a.	months	p.s
U.S.	2.2670-2.2950	2.2755-2.2765	0,18-0.08c pm		0.45-0.35 pm	
Canada	2.8740-2.7050	2,6910-2. 69 20	0.33-0.23c pm	1.25	1.03-0.93 pm	1.4
Nethind.	4.54-4.59	4.55-4.56	33-23c pm		8½-7½ pm	6,6
Belgium	65.90-66.50	66.10-66.20	2c pm-8 dis	0,54	4 pm-6 dis	-0,6
Denmark	12,90-13.02	12.921-12.931-			7-81 ₂ dis	-2.4
Ireland	1.1090-1.1150	1.1135-1.1145	0.11-0.06p pm		0.40-0.35 pm	
W. Ger.	4.11 ¹ -4.18	4.13-4.14	.31 ₆ -21 ₈ pf pm		8½-7½ pm	7,7
Portugal	112:40-113.50	112.85-113.05	5c pm-40 dis		15-135 dis	~2,6
Spain	159.30-161.35	160.60-160.70	34-73c dis		120-175 dis	-3,6
Italy	1931-1942	1932-1933	3-1lire pm		2%-¾ pm	0.3
Norway	11.31-11.37	11.31½-11.32½			101-91, pm	3.5
France	9.60-9.68	3.63 ^{,5} -3.63, ⁷	4-3c pm		10-9 pm	3.5
Sweden	9.70-9.80	9.721-9.731	3 ¹ 2-1 ¹ 2018 pm		9 ¹ -7 ² pm	3.3
Japan	555-563	557-558	3.00-2.55y pm		5.80-5.25 pm	
Austria	29,30-29.60	29,42-29.47	19-17gro pm		56-48 pm	7.1
Switz.	3.83-3.87-2	3.85 ⁻ -3.86 ⁻ 2	372-27ec pm		10-9 pm	9.8
Bei	gian rate is fo	or conventible	francs. Financ	ial franc	67.50-67.50.	
Six	-month forwer	d dollar 0.92-4).\$2c pm. 12-r	nonth 1.	80-1.70c pm.	
			DEST DAT			

April 25	Spread	Close	One month	p.a.	months	p.a.
U.S.	2.2670-2.2950	2.2755-2.2765	0,18-0.08c pm	0,68	0.45-0.35 pm	0.7
Canada	2.8740-2.7050	2,6910-2,6920	0.33-0.23c pm	1.25	1.03-0.93 pm	1.4
Nethind.	4.54-4.59	4.55-4.56	33-23c pm	7.57	84-74 pm	6,6
Belgium	65.90-66.50	66.10-66.20	2c pm-8 dis	-0,54	4 pm-6 dis	-0,0
Denmark	12,90-13.02	12.921-12.931-	21-37-ore dis	-2.84	7-81 ₂ dis	-2.4
Ireland	1.1090-1.1150	1.1135-1.1145	0.11-0.06p pm		0.40-0.35 pm	1.39
W. Ger.	4.11 ¹ -4.18	4.13-4.14	.31-21-pf pm		8½-7½ pm	7.74
Portugal	112:40-113.50	112.85-113.05	5c pm-40 dis		15-135 dis	~2.6
Spain	159.30-161.35	160.60-160.70	34-73c dis		120-175 dis	-3.67
Italy	1931-1942	1932-1933	3-1ike pm		2%-3. pm	0.36
Norway	11.31-11.37		45-31 ore pro		104-94 pm	3.53
France	9.60-9.68	8.63 ¹ ~8.63 ¹ 7	4-3c pm		10-9 pm	3.9
Sweden	9.70-9.80	9.722-9.732	3½-1½ore pm		9 ¹ -7 ² pm	3.39
Japan	555-563	557-558	3.00-2.55y pm		5.80-5.25 pm	
Austria	29,30-29.60	29,42-29.47	19-17gro pm		56-49 pm	7.13
Switz.	3.83-3.87-2	3.85~3.86~2	372-276C DITE		10-9 pm	9.84
Bei	gian rate is fo	or convertible	francs. Financi	ial franc	67.50-67.50.	
Six	-month forwer	d dollar 0.92-	0.ફ2c pm. 12-p	nonth 1.	80-1.70c pm.	
EURC	-CURREN	ICY INTE	REST RAT	'ES		•

The following nominal rates were quoted for London doller months 14.80-14.90 per cent; one year 14.10-14.20 per cent.

20.110					,	<u></u>	L'IONOII L'IONE	Italian Life	ASIALI P	hethaniese i ei
7 days' notice. Month	1736-1755 1714-1712 1716-1756 1614-1612	154-151 ₂ 151 ₂ -163 ₄ 16 161 ₄ 161 ₈ -163 ₂ 15 ₁₆ -15 16 143 ₈ -147 ₈	11-13 11-13 147g-154 147g-154 144-145g 144-145g	95g-10 97g-101g 10-1014 10-1014 10-1014 101g-101g	58.78 6-61 ₂ 5 13-61 6 668-64 612-658 616-616	878-9 878-9 916-916 916-916 916-916	124-1212 124-1212 1213-1213 1213-1213 135-1314 1313-1318	11-15 154-174 164-17 164-17 164-163 164-174	518-538 1538-1578 1614-1628 1618-1614 1514-1588 1419-1438	11-1112 1178-1218 1178-1212 1234-13 12-1214 1078-1118
Long-term Eu		sars 123-13 pe erlino. U.S. d	r cent; three ; olises, Cenadio	years 12½-12¾ ; an dollars and	per cent; four y Japanese ven:	rears 12 - 12% p	er cent; five ye	ara 121-121 ₂ pe	r cent, nomina	il closing retea.

LONDON MONEY RATES

April, 96 1980	Starling Certificate of deposit	interbank	Local Authority deposits	Local Auth. negotiable bonds	House	Company Deposits	Discount market deposits	Treasure	Eligible Bank Blils ē	Fine Trade Bills d
Over night	1712-1758 1713-1773 1713-1773 1713-1773 1613-1613 1513-1513 1513-1513	16-18 	1739-1764 1749-18 1749-1758 1749-1768 1659-1634 1678-16 1678-16	1834.181 ₂ 1846.181 ₂	17% 17% 17% 17% 16% 16% 16%	171g-175g 	17 167 ₈ 165 ₈ -163 ₄	,163-161	17-J-174	1754 1778 1778 16

ties and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgan tree years 15½-15½ per cent; four years 14½-15½ per cent; five years 14½-15 per cent. * Dank bill ray

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from April 1, 1980, Clearing Sank Deposit Rates for sums at seven days' notice 15 per cent, Clearing Bank Rates for lending 17 per cent, Thesaur Bills: Average tender rates of discount 16.0628 per cent.

		25	Maus:	Unit
	Sterling U.S. S	17 13	0,565387 1,29191	0,60690 1,88739
	Cenadian 8	15.67 634	1,53104 16,7160	1,63502 17,9945
8	Austria Sch Belgian F	14	37.4638	40.2344
9	Danish K	13	7.34774	7.87416
is	D'Mark	7	2,34546	2.51673
-	Guilder	91 ₂ 91 ₂	2.58834 5.46284	2,77479 5,86521
9r	French Fr		3.40304 U'nav'ible	
ЭГ	Yen	9	317.551	339.216
	Norwgn. Kr	9	6,43115	6,88009
9	Spanish Pts	.8	91,2685 5.53299	98.0194
Y,	Swedish Kr Swiss Fr			5.98111 2,3 44 00
			•	

at Makita

MAKITA Electric Works, the year. Sales grew 23.7 per cent to Y61.41bn (\$246m), also a record, from Y49.63bn.

divisions were in profit last year, which suggests that it has now overcome the problems which had hit some of its noncement interests, Carbonisation FFr 370m.

In Canada, the group has a Entreprise et Ceramique and the Lafarge has launched this market share of about 40 per Allia Doulton santiary-ware financial reorganisation because cent. and in Brazil it has group.

By Our Financial Staff FURTHER evidence of the difficulties facing airlines is the results of Braniff International, which controls one of the

world's fastest growing airlines. The company had a net loss for the first quarter of \$21.97m or \$1.10 a share, against profits of \$8.06m or 40 cents a share a year earlier. Revenues advanced from \$283.5m to \$372.1m. Braniff blamed the poor per-

rise in the cost of jet fuel and the long time-lag before the of last year, when the group's

N MILLHAM	
own signs of sustain-	hostilities in the Middle East, possibly leading to a confrontation between the Superpowers.

low point of \$4771, but rose \$62 on April 8 following the breakdiplomatic relations between the U.S. and Iran. On the following day it touched \$550, and has since moved within

but since the early part of the year other events have influenced the general picture. The upward spiral in oil prices a general range of \$500 to \$530. Is no longer a bullish factor,
Financial markets, including while tightening of the margin bullion and currencies, seem to limits on U.S. futures trading has be learning to live with the constant threat of an outbreak of major avenue of speculation.

OTHER CURRENCIES

April. 25	. .s .	8		£ Note Rates
Argentina Peso	4041-4061	1772-1782	Austria	29,30-29,60
Australia Dollar	2.0540-2.0590	0.9025-0.9035	Beigium	67.30-67.90
Brazil Cruzeiro	111,12-112,12	48,86-49,06	Denmark	12,66-12.92
Finland Markka	8,593-8.596	3,7500-3,7540	France	9,68-9.64
Greek Drachma	94,956-97,178	41.85-48.25	Germany	4.1119-4.14 19
Hong Kong Dollar	11.16 - 11.20	4.9080-4.9110	Italy	1915-1930
iran Riai	nia -	п/а,	Japan	560 565
Kuwait Dinar(KD)	0,613-0.623	0,2722-0,2723	Netherlands	4,52-4.56
Luxambourg Fre.	66,10-56,20	29.07-29.09	Norway	11.50-11.57
Malaysia Dollar	5,1240-5,1440	2.2490.2.2540	Portugal	108-103
New Zealand Dir.	2.3625 2 3685	1.0380-1.0595	Spain	15712-16512
Saudi Arab. Riya!.	7.50 7.60	3,3250-3.3500	Sweden	9.71-9.77
Singapore Dollar,	4.9300 4.9500	2.1670 2.1720	Switzerland	3.84-3.87
Sth. Airlean Rand	1.8275 1.8290	0.8030-0.8035	United States	2,28-2,29
U A.E. Dirham	8,46-5.50	3,7190-3,7240	Yu oslavla	49-514
		3,7190-3,7240	Yu əslavla	

THE DOLLAR SPOT AND FORWARD

	Day's			7,	Three .	*	
April 25	sproad	Close	One month	p.a.	months	p.a.	
UKt	2.2670-2.2950	2.2755-2.2765	0.18-0.08c pm	0,68	0.45-0.35 pm	0.70	
irelandt	2.0400-2,0495	2.0400-2,0450	0.45-0.35c pm		1.25-1.15 pm	2.34	
Canada	1.1792-1.1833	1.1830-1.1833	0.05-0.01c pm	0.30	0.20-0.16	0.61	
Nothind.	2.0000-2.0030	2.0010-2.0060	1.28-1.18c pm	7.37	3.10-3.00 pm	6.09	
Belgium	29.01-29.09	29.07-29.09	4-6c dis			-0.83	
Denmark	5.6650-5.6900	5.6800-5.6900	1.50-2.00ore dis	-3.69		-3.06	
W. Ger.	1.8100-1.8225	1.8155-1,8165	1.13-1.03pt pm	7.14	3.32-3.22 pm		
Portugai	49.60-49.80	49.60-49.80	5-20c dis			-3.22	
Spain	70.52-70.65	70.60-70.65	18-28c dis	~3.91	65-85 dis	-4.25	
italy	846.50-252.00	246 50-349.50	gis بر-mq eril بر	_	1-2 dis	~0.71	
Norway	4.9550-4.9780	4.9650-4.9700	1.50-1.00ore pm	3.02	3.50-3.00 pm	2.62	
France	4.225 0-4.2370	4,2300-4.2350	1.30-1.10c pm	3.40	3.50-3.20 pm	3.17	
Sweden	4.2700-4.2850	4.2730-4.2780	0.70-0.50ore pm	1.68	2.10-1.90 pm	1.87	
Japan	244.30-248.50	244.95-245.05	1.20-1.00y pm		2.10-1.90 pm	3.26	
Austria	12.92-12.96	12 92-12 95	7.50-6.80gro pm		22.50-19.50pm	6.49	
Switz.	1.6830-1.7050	1.69-15-1 6955	1.56-1.45c pm	10.62	4.02-3.92 pm	9.37	
t UK and Ireland are quoted in U.S. currency. Forward premiums and							
disco	unts apply to	the U.S. della	r and not to the	indivi	dual Corrency	-	

CURRENCY RATES

April 26	Bank rate %		Europes Current Unit
Sterling U.S. S Cenadian S Austria Sch Belgian F	17 13 15,67 64 14	16,7160 37,4638	1,58739 1,63502 17,9945 40,2344
Denish K D'Mark Guilder French Fr		5.46284	7.87416 2.51673 2,77479 5.86521
Ura Yen Norwgn. Kr Soenlah Ris	- 8	U'nav'ible 517.551 6.45115 91 2685	339.216 6,88009

First Nat. Fin. Corp... 191% First Nat. Secs. Ltd... 19 % Robert Fraser 17 % Antony Gibbs 17 % Greybound Guaranty 17 % 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15% and over £25,000 15½.

Public W	orks	L	oan I	Board	ra	tes
	Quota	loans	repaid	Non-quota	loans	A* repaid
Years	by EIPt	A‡	at materity§	by BIPT	A‡	at prieturity§
	Effecti	ve fr	om April I	(9 -		
Up to 5	142	141	141	157	157	157
Over 5, up to 10	143	141	14 1	15¥	15 <u>}</u>	
Over 10, up to 15	141	144		15	151	143
Over 15, up to 25	14 1			147	142	
Over 25	141	141	141	14 1	141	147
* Non-quota loans B	are 1 pe	er ce	nt higher	in each c		han non-
quota foans A. † Eq	rual instr	lmen	ts of prin	cinal. fl	Renav	ment by
half-yearly annuity	(fixed e	mai	half-vearly	pavmen	ts to	abulani
principal and interes	t). § Wit	h hal	f vearly oa	vment of	inter	est only

I.G. Index Limited 01-351 3466 June Sterling 2271-2281 29 Lamont Road, London SW10 0HS. 1. Tax-free trading on commodity futures. 2. The commodity futures market for the small investor.

CORAL INDEX: Close 425-430 (-7)

LUCAL AUTHORI	TY B	UND	TAB	LE
Authority (telephone number in parentheses)	Annual gross interest	pay-	t Minimur Sum	Life n of bond
p	.%		£	Year
Knowsley (051 548 6555)	15 <u>1</u>	}-year	1,000	1
Redbridge (01-478 3020)	143	1-year	200	2-3
Redbridge (01-478 3020)	148	≟-year	200	5-6

U.S. \$20,000,000

Kay Capital N.V. **Guaranteed Floating Rate Notes Due 1985**

Kay Corporation

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period from 28th April, 1980 to 27th July, 1980 has been fixed at 167% per annum. On 28th July, 1980, interest of U.S. \$426-56 per Note will be due against coupon No. 4.



J. Henry Schroder Wagg & Co. Limited Reference Agent

The Taiyo Kobe Bank Ltd.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit Series B — Maturity date 28 October 1980



in accordance with the provisions of the Certificates of Deposit notice is hereby given that for the final six month interest period from 28 April 1980 to 28 October 1980 the Certificates. will carry an interest Rate of 15%% per amon.

> Agent Bank The Chase Manhattan Bank, N.A., London

SANYO ELECTRIC CO. LTD.

Curação Depositary Receipts of ordinary shares

For holders of the above-mentioned CDRs a limited number of copies of the annual report for the year ended November 30, 1979 of the said company are available at: The Sumitomo Bank Limited. 11 Queen Victoria Street, LONDON ECRN 4TP; Bank Mess and Hope NV Pelzerstrasse 2, HAMBURG;

Banque de l'Union Européenne, 4 Rue Gaillon, PARIS 2e;

Morgan Gasaranty Trust Company of New York, 23 Wall Street, NEW YORK, NY10915; Bank Mees and Hope NV Herengracht 548, AMSTERDAM

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Renunciation data usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. a Forecast dividend: cover based on pravious year's earnings. F Dividend and yield based on prospectus or other official estimates for 1978. Q Gross. T Figures assumed: Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Penca unless otherwise

only for restricted dividence, a recursy pince of present processing indicated. I Issued by tender. || Offered to holders of ordinary shares as a rights." ** Issued by way of capitalisation. §§ Reintroduced. **I Issued in connection with reorganisation, mergar or takeover. || Introduction. || Issued to former preference holders. || Allotment letters (or fully-paid). • Provisional or partly-paid allotment letters. + With warrants. †* Unlisted security. †* Issued 519 — — 4477 — 532 1414 — 137

Midland Bank Tst. Corp. (Jersey) Ltd. 28-34, Hill St., St. Helier, Jersey. 0534/36281

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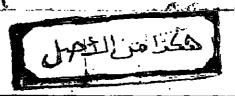
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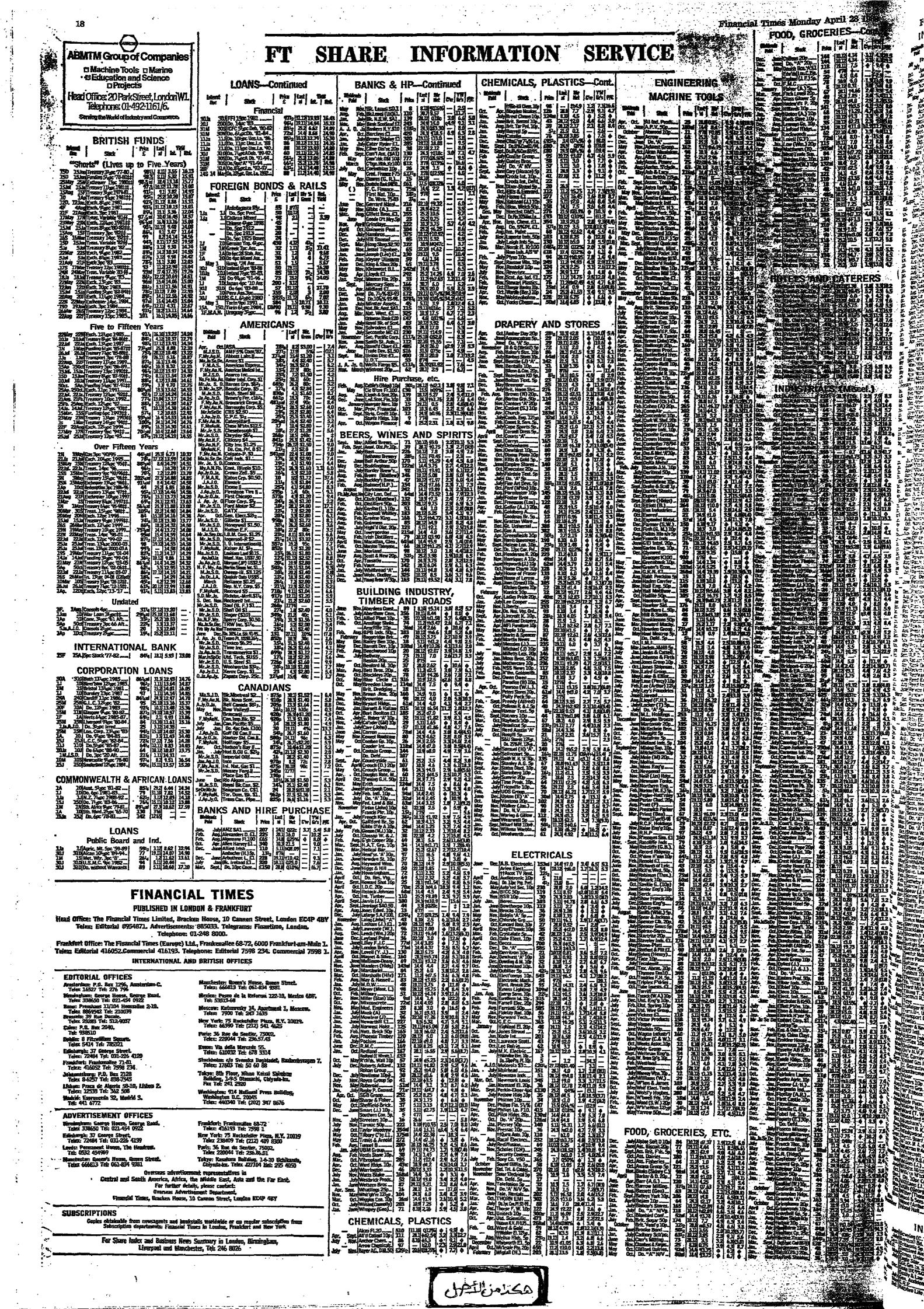
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FINANCIALTIMES

Monday April 28 1980



Six held in £15m West German bond market fraud

BY KEVIN DONE IN FRANKFURT

A BANK and bond market fraud running to at least DM 60m (£15m) has been uncovered by West German

A group of six officials from some of Germany's biggest banks, including the Deutsche Bank, has been arrested. A seventh man, a Frankfurt stockbroker who is thought to have fled the country, is still being sought by police.

According to the police, the fraud involved the manipulation of the prices of fixed-interest securities on the

The illegal profits of more than DM60m taken by the ring of bank employees are thought to have been largely transferred to bank accounts in Switzerland.

Part confessions have been

made by some of the men arrested. The Deutsche Bank confirmed at the weekend that an employee from its Hanover branch had been arrested in connection with the fraud.

It is understood that the fraud was discovered after an examination of documents at Bankhaus Hassel und Cie, a private Frankfurt bank. Other members of the bank ring, all bond dealers,

are understood to come from the Effektenbank Warburg and the Nassaulsche Spark-

Police are believed to have found many securities and papers during a search of the houses and offices of the six men arrested, and to have frozen bank accounts containing some DM 20m. One of the accused was apparently carrying DM 15,000 in cash

in his pocket when arrested. The discovery of the fraud comes a few months after the trial of three employees of the Bundesbank, the West German central bank.

They were found guilty in December of stealing more than DM 2.4m, by taking away used bank notes that were supposed to have been taken out of circulation and burned.

Fed under pressure to support dollar

By David Lascelles in New York

THE Federal Reserve Board's determination to press on with its tight monetary policy faces a severe test this week, after the record decline in U.S. interest rates this month and the vulnerability of the dollar in the wake of the failed Tehran

Some Wall Street economists were predicting over the weekend that the Fed might have to intervene more strongly in the money markets to slow or even halt the decline of the dollar. On the other hand, the Fed

also wants to cushion the impact of its latest, swinging credit measures and prevent the economy from sliding into too deep a recession.

Although the drop in U.S. rates has given a fillip to Wall Street, there is a mixture of puzzlement and concern at the Fed's apparent laisseg-faire Last week, it allowed the key

Fed funds rate to dip four points with only minimal intervention. On Friday, it did not intervene at all, despite the Iran crisis and the one-point drop that pushed the rate down to 144 per cent that day.

Concern is most marked in the foreign exchange markets where the dollar has fallen more than 5 per cent against the D-Mark since early this month. It would have lost more on Friday but for strong intervention by the central

The worry is that, unless there is little to stop the of our more serious concerns dollar from plunging below at the moment." the psychologically important DM 1.80 level.

Worries about rate trends any military option. He noted, have also made the big banks cautious about cutting their deliberate tactic of steering be more difficult for groups of prime rate. Only one major rate. Only one major speculation away from the the militants to retain control Chase Manhattan, has military alternative in the over those hostages in their moved from the 20 per cent peak to 19 per cent.

The others are still at 191 per cent, apparently in an attempt to comply with the Fed's request to curb their

Puzzlement also centres on the Fed's decision to allow rates to drop before there has been any improvement in inflation, which high rates are

supposed to cure. But in deciding whether to slow the rate decline, the Fed will be under politcal pressure not to do anything that damages an already fragile economy...

Unemployment is rising. economic activity is falling away believe the White House's contention that the looming recession will be "short and mild." The Fed must also consider

the fast-shrinking money supply. After last week's fifth consecutive, and unexpected, dip, growth is now well below target. And other indicators, like bank lending and reserves, all point to the success of the Fed's March measures in dampening down credit. U.S. bonds, Page 13

Jaguar peace plan floated

threatened sacking of 1,800 Jaguar management agreed

to delay for two days its threat to dismiss strikers who do not report for duty. Union leaders will call a mass meeting at the Browns Lane assembly plant tomorro wto report details of 16 hours of negotiations with the company at the weekend.

The men, who walked out in protest at a proposed new grading structure, have now been offered an appeals procedure to deal with their grievances. The management also gave other assurances to allay 4,000-strong labour force re- been undertaken. Alternative

to dismiss any striker who failed to report for work.

told they would be dismissed from last Wednesday, believed implemented today unless they clocked in. Although clearly conscious of the risk to the company's future,

BL insisted last night that no concessions could be made in the face of strikes: nor was there any weakening in the company's resolution to dismiss strikers.

The Transport and General Birmingham, Workers Union has emphasised explored. to the management that dispute Many strikers, originally is not merely about the new pay structure, which down-grades many Jaguar workers, but also about the viability of the company within the BL

framework Jaguar shop stewards, noted for their elitism and pride in the famous marque, argue that off as an independent operation.

There is some sympathy for There are divisions at the the idea among local manage-Browns Lane assembly plant, ment. Preliminary investiga-where only about 1,800 of the tions about its practicality have

BL CARS last night concluded union fears about the future mained out in protest at the sources for body pressings, company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from bears at the sources for body pressings, currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company's proposed new grading currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's company currently taken from BL's com

Failure to break the resistance so far shown by the Jaguar workers would pose a serious problem for BL. The company is aware that implementation of the sackings threat could lead to action by the transport union,

not only against Jaguar but against other BL plants. The alternative, switching Jaguar assembly to the Rover plant. Solihuil, is thought to have been ruled out. BL would prefer to keep Jaguar as a selfcontained, potentially independent operation.

Other labour news, Page 3

Bid to avert provincial printing strike fails BY PAULINE CLARK, LABOUR STAFF

newspaper and general print by printers in Fleet Street, industry failed last night where the News of the World when print craftsmen's yesterday became the third print . leaders again rejected an national newspaper after The rejected an appeal to put a Sun and the Daily Mirror to 20 per cent pay offer to ballot. lose a day's publication because

The appeal came from the British Guild of Newspaper British Guild of Newspaper The union has warned Editors' conference in Camnational newspapers with probridge on the eve of today's vincial paper interests that all bridge on the eve of today's the National Graphical Associa-

Continued from Page 1

Defence

repeatedly refused to foreclose

last week's raid had obviously

Continued from Page 1

how the advantages of currency

subsidies in farm trade are

Mrs. Thatcher was believed

ready to negotiate on the basis

of the lower figure, which would imply a cut of £600m in the

UK's budget payments for this

But she was expected to press for a substantially larger reduc-

tion in the region of £700m to

£750m so that she could take a great deal more than "half a

Hitherto, Britain was the only country to say openly that the

loaf" back to her Cabinet

period immediately preceding custody.

Secretary

wryly, that the Administration's it is also argued that it might

I said now we weren't going were to have fallen into place

Officials acknowledged that if established. This is generally

EEC heads seek deal

Neither

The

to try again."

of a walkout by the NGA.

nationwide lock-out by em- are vulnerable to action aimed ployers of 45,000 members of at putting pressure on their provincial managements to meet the union's pay claim.

trial action over pay. The full extent to which Sympathetic action in support newspaper and print industry

chances of another rescue mis-

sion succeeding are diminished.

· Future negotiations with Iran

over their release will also be

further complicated. However,

worked and added: "You more details about those parts ally to Senator Kennedy, wouldn't believe me anyway if of the rescue mission which although subsequent investiga-

once the staging post had been

indeed the Iranians have dis- taken to mean that the U.S. opinion against Mr. Carter.

£500m or £780m depending on per cent average rise went too the basis of the past five

It insisted wine, milk and

sugar prices should be frozen.

Apart from budgetary costs, a

5 per cent average rise would

cost UK consumers an estimated

£300m, which would not show

up in the budget.

But yesterday, amid mounting speculation that the British

might give ground on prices if

offered a satisfactory budget figure and if their £80 (130m

ecu) butter subsidy were main-

tained, the Bonn Government

mounted a rapid rearguard

action.
It fired off an opening salvo

official disclosed

U.S. may still use military

A LAST-MINUTE attempt to of provincial printers is employers will follow the down in Britain's provincial expected to continue this week national call to suspend NGA members without pay from today is uncertain, although provincial newspaper representatives claim that 85 to 90 per cent have said they will respond, and big print groups have also firmly backed the stand.

The NGA claims that some companies, employing about a fifth of its members, have been exempted from disruption because they have agreed to an which have reached agreement

ground in Tehran and has no

Domestic reaction to the

failed mission has so far en-

couraged the Administration,

It does not appear that Presi-

dent Carter suffered much

damage in Saturday's Demo-

cratic Party caucuses in Michi-

gan, in which he lost margin-

tions into the reasons for the

failure by the Press and the

Congress could turn public

months, farm spending this year would exceed estimates by 1.5bn

A 5 per cent price rise would

add a further 1.7bn ecu and,

the West Germans claim, would push the EEC to within 900m

ecu of its budgetary ceiling. This, they pointed out, would

leave little money to meet

Britain's budgetary demands.

Chancellor Helmut Schmidt

is also believed to have invited

Mrs. Thatcher to say when the UK might join the European Monetary Scheme, the joint EEC currency system. Mrs.

Thatcher, however, gave no

ecu (£900m).

to Senator Kennedy,

the safety of those involved.

A note of dissent, however, was expressed by Mr. Christo-Pole-Carew, managing director of T. Bailey Forman, publisher of the Nottingham Evening Post, which left the NS last year

Attacking the decision to suspend printers' without pay, he told the guild: "I cannot imagine a step more calculated to damage any company's good relations with its staff, or more certain to ensure that in future NGA members will rally to interim pay deal. It says it NGA members will rally to plans to name the companies their union, however much they may object to the NGA's instructions."

As for reaction overseas

especially in Europe, Dr.

opinion abroad understands fine

need for rescue operations—the

Germans and French have done

them. He said the President

had received warm messages of

support from some allied heads

The Administration feels in

crucial that the allies do not

reverse their sanctions pro

gramme agreed in Luxembourg

last Tuesday, due to take effect

on May 17 if the hostages are

Weather

CLOUDY with some rain in

Cent. England. Rest will be dry

Lodon, S.E., E., Cent. N.E. England, S.W., N.E., N.W. Scot-

land, Aberdeen, Cent. High-lands, Moray Firth, Argyll, Orkney, Shetland, N. Ireland.

Mostly cloudy, bright intervals

Midlands, N.W., Cent., S. England, Channel Isles, I. of Man, Lake District, N. Wales.

Mainly dry. Cloudy. Max. 14C

S.W. England, S. Wales, Borders, Edinburgh, Dundce,

Glasgow

WORLDWIDE

Mainly dry, sunny periods.

with some sunshine.

and some light rain.

Max. 3C (55F)

intention now of jeopardising Brzezinski claimed that public

The Fed's letter to its fellow central banks is a prime example of the way in which their developing collaboration in policing the international banking market can now be used to impose the policies of a single government through that market. The euro-markets used to be immune to boning" — as moral suasion of banks is known in the U.S. Today, via Basle, the U.S. jawbone can extend to London, Frankfurt and Tokyo.

Pernod Ricard for \$97.5m.

the Fed's credit restraint speci-

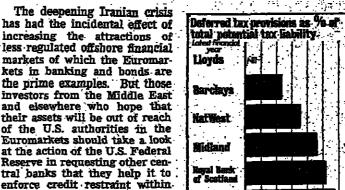
to proceed with the bid because

it can finance the purchase out

were fixed up sme time ago.

Deferred tax

The annual reports for 1979 of the big banks reveal an



ment of deferred taxation. At one end of the scale Lloyds banks were prevented by the makes no provision at all for Bank of Japan from arranging tax deferred through leasing the necessary dollar loans. This operations, while the Midland maintains a provision of nearly 50 per cent. The Scottish banks, was to be a rival bid for Austin Nicholls, the American drinks business which Liggett is trythe Royal, for example, tend to ing against legal opposition be even more conservative, with from Grand Metropolitan — to provisions on the leasing side sell to the French company

Other evidence of the lengthening reach of U.S. credit restraint is the noticeable number of U.S. companies which have tapped the eurodollar bond market in the fortnight since new issues in this market became possible again. Eurobond issues allow them to raise dollars speedily and without involving the banking

be some justification for private adjustments to the L'oyd's argument that it is ratios of the banks in the light almost exclusively involved in of the individual deferred tax the less risky "big ficket" leas- provisions. While the Bank is ing, for large individual items, unlikely to insist on immediate there is considerable scepticism convergence, it would be survive whether differences among prising if these adjustments do let not find themselves reflected in

THE LEX COLUMN

Jawboning the Euromarkets

increasing the attractions of less regulated offshore financial markets of which the Euromar-kets in banking and bonds are the prime examples. But those investors from the Middle East and elsewhere who hope that their assets will be out of reach of the U.S. authorities in the Euromarkets should take a look at the action of the U.S. Federal Reserve in requesting other central banks that they help it to enforce credit restraint within the U.S. The request s already having tangible consequences. It is now clear that at least one major Japanese takeover of a U.S. company has already been frustrated because Japanese

of 60 per cent. The sums involved in leasing The Japanese banks were told

are now so large that the not to supply finance because accounting treatment deferred tax can make a sub-stantial difference to free capital and consequently to the fically frowns on loans for take-over purposes. Pernod was able scale of operations. If Lloyds adopted the Midland's stance onof its own resources. Grand Met provisions, for instance, the free itself was only able to bid for capital ratio would fall from about 41 per cent to below Liggett because its twin \$175m Barclays and NatWest facilities

> designed to release companies from the deferred tax straitjacket and allow them to make their own judgements on future liabilities. But there are signs that as far as the banks are concerned SSAP 15 is being operated rather oddly. Barciays highlights the subjectivity of

up to very much.

disparities in the banks' approach to the different categories of leasing. Midiand separates but what it considers the most vulnerable areas-cars, computers, public authori-ties, etc.—and makes full provi-sion for these. Bardays, whose leased assets expanded by three quarters last year, treats its business on blac and believes it can find replacement business in other areas if any part of the market is closed down. Bur the fact that last year Lloyds failed to use up all its taxable capacity could be a sign that competition is stiffening in the more attractive parts of the

US

In practice the level of provision seems to be determined by the view taken on two general factors. The first is the extent to which the leasing market is expected to continue market is expected to confirme growing, since increasing leasing business year by year is the only way that deserved tax can go on being pushed ahead. The second view concerns legislative change. Middand's conservative provision for its business with myllic archange has a provision for its business. with public anthorities has been amply justified in the light of the Budget, which shut down this part of the market.

Fringe areas

Prospects on the political front now look less cloudy, because the Budget clean-up of There is nothing wrong with been ruled out by the authori-diversity as such. The account ties Nevertheless, since changes ing standard SSAP 15 was on either from will changes designed to release gests that further restrictions roughly comparable effect on all the banks, there seems little justification for such divergence There are two strong motives for the banks to pare down

their provisions. The first is to bolster their free capital and the second to support their curthe standard by stating that its rent cost profits, where a assessment of future business monetary working capital would allow the entire release adjustment has to be set aside would allow the entire release adjustment has to be set aside of deferred tax provisions to balance the provision But However, it maintains a 25 per pressure for some sort of cent provision out of prudence, normalisation of provisions will probably develop after the Bank for the diversity of treatment of Education releases its capital probably develop after the Bank for the diversity of treatment of Education releases its capital probably develop after the Bank for the diversity of treatment of Education releases its capital probably develop after the Bank for the diversity of treatment of Education releases its capital probably the second of the secon

the banks accounts over the However, there are clear medium term.

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Union plan for Labour as 'mass' party BY ALAN PIKE, LABOUR CORRESPONDENT ROPOSALS for trade unions to a much bigger forum than the agreed number of delegates to If the document is adopted

Commission proposal for a 2.4 of statistics, showing that, on indication.

radical and far-reaching ideas which National Committee dele-for reform of the party pregates will receive this morning. pared by the Amalgamated Union of Engineering Workers.
The union says a "surgical
The union says a "surgical

operation" is needed to enable of a mass party in which the party to emerge from its millions can participate. 1980 conference with a sound, ing more involvement in policy-making."

The plan, endorsed by the little-read documents and a big AUEW executive, will be presented to the union's policy-headquarters out to the organimaking National Committee in sation throughout the country. The present one, says the Blackpool this week.

The proposal for unions to AUEW, "manifestly fails" to

Commission of Inquiry, backed by the considerable weight of hundreds of full-time agents election Britain's second largest union. Among other submissions by the AUEW are calls for a and not running raffles and reconstituted Labour Party sweepstakes to exist." National Executive Committee

pay their Labour arty affilia- present general management tion fees at constituency rather committees. The submissions meeting, which would elect the than national level are among are in an executive document gates will receive this morning. The choice for the party, the document says, is between retaining its existing "elitist" structure, and becoming more

The second alternative, which democratic structure, "allow- the AUEW supported, would mean an end to the multitude of committees that produce

If, as is likely, the committee pay affiliation fees through reflect the di-approves the proposals, they local branches to individual in the party, will go to the Labour Party constituencies would "make The union possible the employment of alone's spend their time organising,

Each union and constituency system and for reselection of MPs by branch would then send an available.

general constituency general management committee and select the Parliamentary candidate before a General Election.

"This, in our view, is the truly democratic method of mandatory reselection." The AUEW proposals would re-form the 29-strong Labour

Party National Executive into a body of 45, split equally between trade union representatives, MPs and lay activists who would not be MPs.

This would provide a more broadly based governing body. reflect the diversity of opinion The union opposes the NEC

preparing Labour's manifesto. with decent wages, who could concludes that election of the party leader by the Parliamentary Labour Party remains the most representative

by the National Committee this week, it will have great importance for the AUEW's position at this year's Labour Party Conference.

Last year Left-wingers succeeded in casting the union's block vote in favour of mandatory reselection of candidates and executive control of the manifesto, and this week they will try to get the National Committee to agree that all sections of the party elect the

If the executive document is accepted the union will go to the 1980 conference in the autumn with a policy which meets with the approval of Mr. Terry Duffy, its president, and Sir John Boyd, the general secretary, who are both close political allies of Mr. James Callaghan. The Opposition Leader is due

mittee, but not until later this

week, by which time the issue

will have been decided.

H. Kong to address the National Com-

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